tico.ca

Travel Industry Council of Ontario

2016

Annual Report
Business Plan

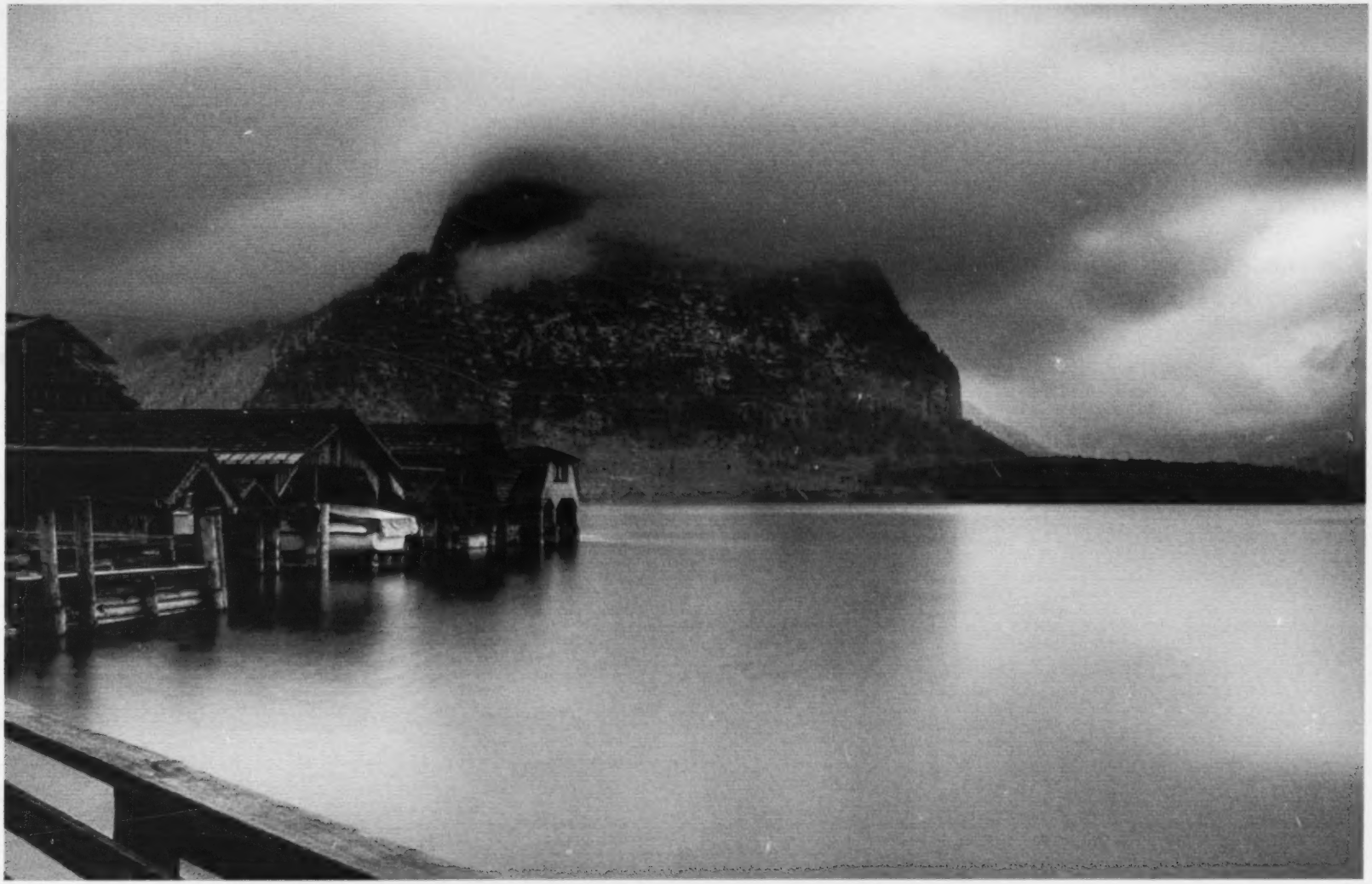


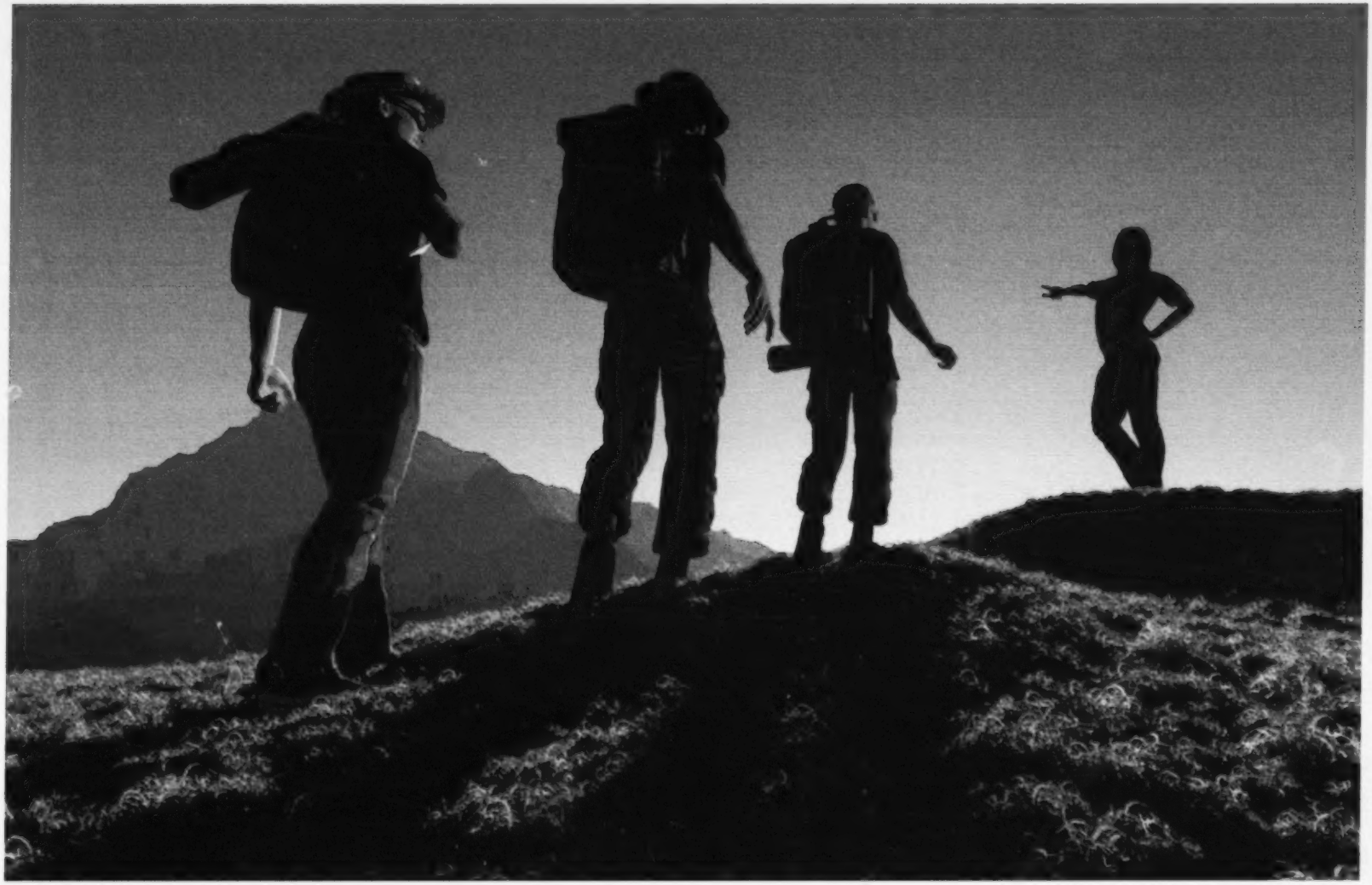
TABLE OF CONTENTS

Message From The Chair 1
Chief Executive Officer's Report 2
Mandate 3
Mission, Vision, Values 4
Stakeholders/Services 5
TICO Structure 6
Organization 6
Governance 6
Travel Industry Compensation Fund 7
Risk Management 8
Financial Inspections 8
TICO Committees 9
Business Accomplishments 2015/2016 11
Balanced Scorecard Achievements 2015/2016 16
Additional Business Accomplishments 19
Operational Performance Review 20
Registration 20
Education Standards 21
Complaint Handling Process 21
Financial Inspections 24
Compliance (Non-financial) 25
Travel Industry Compensation Fund 26
Claims and Repatriation 26
Closures Resulting in Significant Claims Paid 27
Legal Matters 29
Investigations and Prosecutions 29
Proposals to Revoke Registration 32
Registrant Engagement 34
Corporate Social Responsibility (CSR) 35
French Language Services 35
Financial Review 36

Business Plan 51
Environment 53
Strategic Plan 54
Strategic Priorities for 2016/2017 55
Balanced Scorecard 59
TICO 2020 ("Desired State") 62
TICO Revenue and Expense Forecast 63

Appendices:

Appendix I – Audited Financial Statements 39
Appendix II – TICO Board of Directors 64
Appendix III – Statutory Appointments and TICO Staff 69



MESSAGE FROM CHAIR

June 13, 2016

Honourable Marie-France Lalonde
Minister of Government and Consumer Services
6th Floor, Mowat Block
900 Bay Street
Toronto, Ontario
M7A 1L2

Dear Minister Lalonde,

As the Travel Industry Council of Ontario (TICO) celebrates its nineteenth (19th) year of operations, I am pleased to present the 2016 Annual Report and Business Plan. This reports details TICO's activities, accomplishments and financial standing for this past fiscal year. I also want to take this opportunity to thank all TICO's employees, under CEO Richard Smart's leadership, for their great work and dedication.

TICO's three year Business Plan in support of Ontario's Consumer Protection framework is also included and has been refined to reflect ongoing progress and input of stakeholders along the way. Consistent in this Business Plan is TICO's unequivocal commitment to its overall mandate of ensuring that every Ontarian can feel confident with their travel purchases.

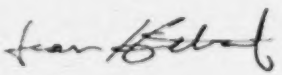
This past year has been challenging for consumers and registrants. Tragedies in Paris and Brussels are reminders for citizens world-wide and travellers of the importance of safety when travelling abroad. Global social unrest, commodity volatility and general economic malaise have impacted countries around the world, and Canada is no exception. However, the demand for travel remains strong and new opportunities, business models, new technology and experiences are more available to Ontarians than ever before. There are however opposing forces to these opportunities. Current industry practices, combined with these new technologies and the easy access to consumers through online products and services, increases exposure to fraud. The latter issue is increasingly a cause for concern and TICO is taking appropriate actions.

Following an industry wide consultation, TICO recently announced a fee increase to the Compensation Fund assessment rate. Since inception, two significant Compensation Fund fee reductions were followed with the first increase three years ago. These fee changes are necessary to keep the Compensation Fund balance at an acceptable level. The Board of Directors (Board) understands the challenges facing TICO's registrants, and it was only after much analysis and deliberation that an increase was approved over a two year period instead of one. The Board remains optimistic over the prospects for ongoing regulatory reform and looks forward to continued collaboration with all stakeholders to ensure a modernized and strong system of consumer protection.

The Board is pleased with TICO's accomplishments this past year and the progress underway on various strategic initiatives. Modernization initiatives are well underway on several fronts and more is expected in the future. TICO remains firmly committed to enhancing its effectiveness as Ontario's regulator of consumer protection in the province, and as a model for other jurisdictions.

In closing, I would like to thank you, Minister Orazietti, and my fellow Board members for all the support of me since elected TICO's new chair in December 2015. My predecessor, Michael Janigan, served TICO's Board well over many years and I look forward to providing the same and with the highest ethics as TICO proceeds along its path as outlined in its Business Plan.

Yours truly,
Travel Industry Council of Ontario



Jean Hébert
Chair of the Board of Directors

CHIEF EXECUTIVE OFFICER'S REPORT

EXECUTIVE SUMMARY

It seems somewhat repetitive to refer to the past year as volatile, unpredictable and challenging. However, for the past number of years, this has become commonplace for all and to ignore this environment would undermine the significant impact to consumers and businesses abroad. The tragedies in Paris and Brussels are two horrific events that remind us of the constant threats facing peaceful nations and travellers abroad. The global economic shock of plunging oil prices has had far reaching economic and social impacts. Zika virus, a strong USA dollar and fierce competition have contributed to the difficult operating environment for many businesses, and in particular, Ontario based registrants engaged in selling travel services. Equally, the consumer has experienced similar challenges, often facing difficult purchase decisions resulting from the complexities associated with multiple distribution channels and travel options available. This past year has been challenging for many registrants, but has also demonstrated the amazing resilience and innovation that continues to propel this industry forward.

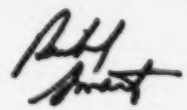
As the province's regulator, TICO's focus and core mandate remains the consumer. A new and innovative consumer awareness campaign resonated with more Ontarians than ever before resulting in an increase to overall consumer awareness including the various roles that TICO serves. TICO continues to promote the benefits of purchasing through Ontario registrants at every opportunity, and to educate consumers on the many benefits of working with a travel agent. TICO also continues to be active in the marketplace having attended many travel and tradeshows throughout the province. Through our industry Roundtables, financial compliance seminars and our first-ever TICO webinar, we are reaching more-and-more registrants than ever before.

Financially, TICO remains healthy as evidenced by a second consecutive year reporting a net surplus – albeit smaller than a year ago. Shortfalls to revenues, the result of a declining registrant base, were offset by prudent cost management and cost savings. TICO remains vigilant on managing expenses, tracking to the approved budget and always seeking additional cost savings opportunities. Over the past three fiscal years, TICO's operating expenses have remained flat, while concurrently investing in new initiatives to evolve accordingly. Despite a marked increase in enforcement activity, net claims remain low by historical standards.

It is acknowledged, that to be an effective regulator for consumer protection, and supportive of a vibrant travel industry, modernization of the underlying legislation is necessary. With strong collaboration from stakeholders, several enhancements to TICO's Regulation were recently approved. Further dialogue with the Ministry of Government and Consumer Services (Ministry) regarding additional regulatory reform is under review, and we are generally pleased by the ongoing input received from many registrants from across the Province throughout the year. As noted in our Business Plan, this is a key strategic priority for TICO for the next fiscal year and beyond.

This new fiscal year represents TICO's nineteenth year of operation. Our three year Business Plan is also included in this report, and we hope you find it helpful in understanding TICO's future direction and strategic priorities. In closing, I am proud to lead a strong, enthusiastic and engaged team as the province's Regulator which serves as a strong foundation for TICO to achieve its vision and business goals ensuring Consumer Protection in Ontario remains robust for years to come.

Yours truly,
Travel Industry Council of Ontario



Richard Smart
President & C.E.O.

For the purposes of this Annual Report and Business Plan, the following definitions apply:

Registrant: A registrant is defined as a travel agent or a travel wholesaler who is registered as a travel agent or a travel wholesaler or as both under the *Travel Industry Act, 2002*.

Travel Wholesaler: A travel wholesaler is defined as a person who acquires rights to a travel service for the purpose of resale to a travel agent or who carries on the business of dealing with travel agents or travel wholesalers for the sale of travel services provided by another person.

Travel Agent: A travel agent is defined as a person who sells to consumers, travel services provided by another person.

Non-Registrant: An organization which supplies travel services, but is not registered in Ontario including (but not limited to):

- travel wholesalers and travel retailers not located in Ontario.
- companies which sell to clients in Ontario by means of advertising, the internet or toll-free phone line, but where the home base or call centre is not located in Ontario.
- end suppliers (e.g. airlines, hotels, rail services, cruise lines), which may or may not be located in Ontario.

Travel Services: Transportation or sleeping accommodation for the use of a traveller, tourist or sightseer or other services combined with that transportation or sleeping accommodation.

MANDATE

TICO's mandate is to support the Ministry of Government and Consumer Services' mission of maintaining a fair, safe and informed marketplace as it relates to Ontario's *Travel Industry Act, 2002*. This mandate is accomplished by developing and fostering high standards in:

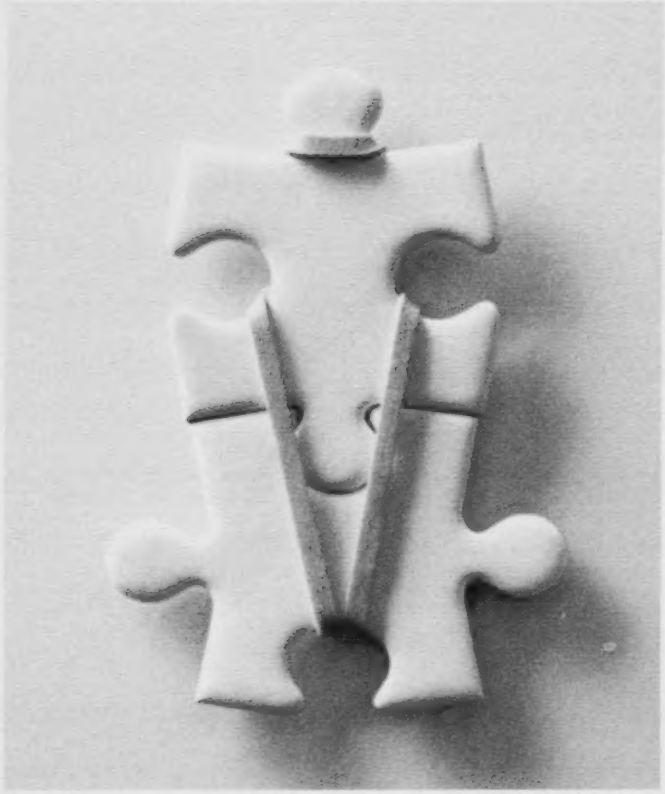
- Consumer protection.
- Registration, inspection, supervision and discipline of registrants.
- Consumer education and awareness.
- Investigating and mediating disputes between consumers and registrants.

In addition, programs will serve to support this mandate by:

- Promoting fair and ethical competition within the industry.
- Supporting a Code of Ethics.
- Maintaining and enforcing programs that provide for consumer compensation in specific circumstances.
- Promoting an expected level of education as a criterion for registration.
- Encouraging legislative and regulatory amendments aimed at enhancing industry professionalism and consumer confidence.

MISSION

To promote a fair and informed marketplace where consumers can be confident in their travel purchases.



VISION

Enhance confidence in the travel industry by becoming:

- A leader in developing an improved system of consumer protection.
- A model for a progressive, fair and firm administrator of industry regulations.
- A developer, promoter and advocate of good business ethics and harmonized standards in the travel industry.

VALUES

Efficiency

We drive value through continuous improvement and cost effectiveness.

Leadership

We demonstrate courage, integrity and transparency in building stakeholder confidence.

Accountability

We are committed to high standards, taking responsibility for our actions and results.

Service Excellence

We are a fair and firm regulator responsive to stakeholder needs.

Teamwork

We are one team, knowledgeable and experienced working together.

Innovation

We embrace change and ingenuity in advancing as a regulatory leader.

Communication

We build trusting relationships as an authority in Consumer Protection.

Above all, TICO will be ethical in everything TICO does.

STAKEHOLDERS

TICO works with stakeholder groups including:

Consumers: to increase awareness of their rights and responsibilities, and those of the Ontario travel industry under the Act. TICO has a Consumer Advisory Committee to provide consumer consultation and input and to enhance TICO's understanding of consumer needs as it relates to the travel industry.

TICO Registrants: While TICO activities are focused on consumer protection, its clients also include the Ontario-registered travel retailers and wholesalers who fund TICO through registration fees and who pay contributions into the Compensation Fund.

TICO serves its registrants by justifying consumer confidence in purchasing from the Ontario travel industry. This is accomplished through:

- Ongoing services and initiatives aimed at monitoring and ensuring compliance with the Act and Regulations.
- Making consumers aware of the benefits of dealing with Ontario Registrants.
- Enhancing industry professionalism.
- Providing consumer compensation and recourse in specific circumstances.
- Striving to ensure the Act and Regulation remain relevant to emerging issues.

Industry Associations: to harness their knowledge and commitment to ethical and open competition. The associations include but are not limited to:

- The Canadian Association of Tour Operators (CATO)
- The Association of Canadian Travel Agencies (ACTA)
- The Ontario Motor Coach Association (OMCA)

Government: which has delegated to TICO the responsibility for administering the Act and which holds TICO accountable for supporting its mandate of a fair, safe and informed marketplace.

SERVICES

The services delegated to TICO to provide are detailed below.

Registration

- Processing new applications – ensuring criteria and standards are met.
- Processing registration renewals – ensuring criteria and standards continue to be met, for example:
  - financial viability, including compliance with financial criteria under the Act and Regulation
  - supervisor / manager qualifications.
  - other compliance issues (e.g. advertising standards).
- Registrant inquiries.

Consumer Protection

- Administering the Ontario Travel Industry Compensation Fund.
- Financial Inspections
  - financial compliance reviews of registrants to minimize risk to consumers
  - checking compliance of registrants with advertising regulations, terms and conditions of registration and disclosure to consumers (e.g. conditions of booking)
- Compliance: employing administrative compliance measures to ensure that registrants correct deficiencies that have been identified.
- Investigations: investigating instances of suspected breaches of the Act, which could result in prosecution.
- Enforcement: suspensions, proposals to revoke registrations, laying charges under provincial statutes and referrals to criminal authorities.
- Consumer inquiries.
- Consumer education.

Complaint Resolution

- Resolving complaints:
  - between consumers and registrants
  - between consumers and TICO
  - between registrants and TICO
- Where complaints have not been resolved, providing information on other options.

The process is outlined in more detail on page 21.

Government Liaison

- Working closely with the Ministry of Government and Consumer Services for purposes of issues management, regulatory reform and matters of public interest.

Additional Responsibilities

In addition to the delegated responsibilities, TICO intends to increase the following:

- Consumer education and awareness on the benefits of purchasing travel services from Ontario registrants and the inherent risks of dealing with non-registrants.
- Consumer and Registrant awareness with respect to the emergence of electronic commerce as it relates to the travel industry.

TICO Structure

Organization

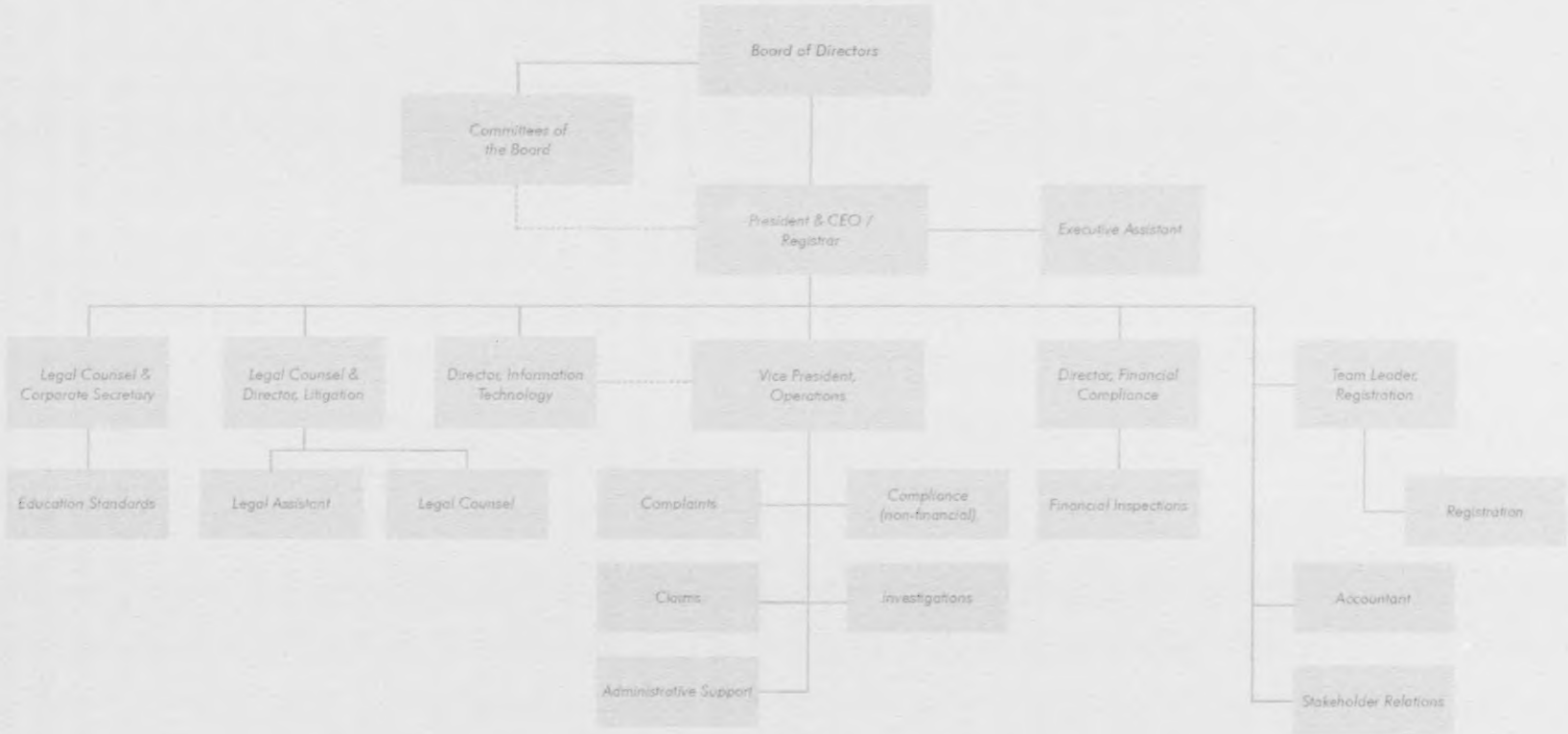
TICO is a not-for-profit corporation financed through fees from its approximately 2,435 travel retail and wholesale registrants. The Ministry of Consumer and Commercial Relations delegated responsibility for the administration to TICO in June 1997. The *Travel Industry Act, 2002* (the Act) governs Ontario travel retailers and wholesalers and provides for the operation of a travel industry Compensation Fund. The Ministry of Government and Consumer Services (the Ministry) is currently responsible for the Act and Ontario Regulation 26/05 (the Regulation).

Governance

The TICO Board of Directors consists of fifteen members. There are three individuals appointed by the Association of Canadian Travel Agencies (ACTA), three from the Canadian Association of Tour Operators (CATO) and one from the Ontario Motor Coach Association (OMCA) and five appointed by the Minister of Government and Consumer Services. There are also three members that are elected by the industry at large. (See Appendix II)

More information on the qualifications for Directors is available on TICO's website at *www.tico.ca*.

Organizational Chart



Remuneration of Board and Committee Members (Per Diems)

TICO's by-laws provide for the remuneration of Directors. The Board has approved the following levels of remuneration effective April 1, 2016, which will be adjusted annually with the Consumer Price Index (CPI):

TICO's Travel, Meal and Hospitality Expenses Policy provides for the following per diem levels:

Board Meetings:	
Chair	$470
Vice-Chair	$371
Member	$303
Committee Meetings:	
Committee Chair	$303
Committee Member	$235
Statutory Director under the Act*	$11,053/annum (where Director is not an employee)
Deputy Statutory Director*	$5,527/annum (where Deputy Director is not an employee)

*As defined under the *Travel Industry Act, 2002*

The per diem is the amount payable for work periods in excess of three hours. If the work period is less than three hours, one-half of the established per diem is paid. Preparation time may be included in the calculation of hours. In addition, board and committee members may claim for travelling expenses such as mileage or accommodation for which set rates have been approved. The Remuneration Policy also allows board members spending over 2 hours in total for travel time to and from TICO, for the purpose of attending to TICO business, to receive the current per diem rate plus 50% of the per diem rate.

Ontario Travel Industry Compensation Fund

Background on the Ontario Travel Industry Compensation Fund

In 1975, the Government of Ontario passed the Travel Industry Act. This legislation provides the legal basis for the Compensation Fund and requires that every registered travel business in Ontario participates in the Fund. Section 50 of Part III of the current Regulation (O. Reg. 26/05) enacted pursuant to the *Travel Industry Act, 2002* states: "Every registrant shall participate in the Fund."

Management of the Compensation Fund

The Regulation relating to the Compensation Fund sets forth in detail the operation and management of the Fund.

Section 51 of Ontario Regulation 26/05 provides that the affairs of the Compensation Fund shall be administered and managed by the TICO Board of Directors.

Section 52(2) of Ontario Regulation 26/05 requires that TICO shall hold all money in the Fund in trust for the benefit of claimants whose claims for compensation the Board of Directors approves in accordance with this Regulation.

Section 73 of Ontario Regulation 26/05 allows the costs of administering the Compensation Fund to be paid from the Fund.

Fund Financing

The Compensation Fund is totally financed by Ontario registrants. The Payment Schedule requires registered travel retailers and registered travel wholesalers to pay a greater of $25 or 15¢ per $1,000 of sales on a semi-annual self assessment basis. These payments are to be filed with TICO within 90 days after the end of each fiscal half year.

Surplus Funds

The Corporation may invest any funds of the Compensation Fund, which are surplus to the immediate requirements of TICO in property in accordance with the *Trustee Act*.

Claims

The Compensation Fund reimburses customers of registered travel agents for eligible claims arising from the bankruptcy or insolvency of an Ontario registrant or arising from the failure of an end supplier airline or cruise line. The Board of Directors determines whether a claim or a part of one meets the requirements of the Regulation and determines the eligible amount of the claim. Claims must be submitted in writing to the Board within six months after the relevant registrant or end supplier becomes bankrupt or insolvent or ceases to carry on business. The maximum payout for claims arising out of an event is $5 million in total. The maximum payout per person is $5,000.

Claims may be filed against the Compensation Fund to provide the reimbursement of reasonable expenses incurred (transportation, accommodation and meals) to complete a trip where the travel services have not been provided as the result of the closure of a TICO registered travel retailer or a TICO registered travel wholesaler. Provided that the consumer purchased their original travel services from an Ontario registered travel retailer, trip completion claims may be eligible when the consumer's travel services commenced prior to the failure of the TICO registrant and the consumer is in destination and unable to receive the travel services purchased to complete their travel plans. Trip completion claims must be submitted in writing to the Board within three months after the relevant registrant becomes bankrupt or insolvent or ceases to carry on business.

The Director under the *Travel Industry Act, 2002* may direct payment out of the Fund of up to an additional $2 million where immediate funds and facilities are necessary for the repatriation and accommodation of customers of registrants who are outside of Ontario. When customers of registrants are preparing for immediate departure and have been placed in circumstances where funds are required to alleviate suffering or to protect the interests of the Fund, the Director may pay out of the Fund an amount sufficient to enable such departure, up to a maximum of $5,000 per person.

Appeal of Decisions

Claimants are entitled to appeal a decision of the Board of Directors to the Licence Appeal Tribunal. Decisions of the Tribunal may be further appealed to the Divisional Court of Ontario.

Risk Management

In accordance with its Enterprise Risk Management Policy, the Board and TICO's Leadership Team strive to identify, assess and manage risks that may affect TICO's ability to achieve its objectives. The risks that are considered to be of high impact and likelihood are identified as priority risks. Risk champions within the organization are responsible for overseeing these risks. Priority risks are also regularly monitored by the Board of Directors as part of its governance function. One of the priority risks identified relates to high risk operators. This can include both registered businesses and businesses that ought to be registered with TICO. Various risk mitigation strategies are implemented by the organization to manage the risk, including TICO's Financial Inspections.

Financial Inspections

TICO operates a risk management programme, which includes financial inspections of registrants carried out under the direction and control of the Registrar, *Travel Industry Act, 2002*. The objective of the programme is to identify as early as possible any registrants at financial risk and to work with these registrants to ensure compliance with the Act and Regulation. Through early identification of registrants at financial risk, TICO's goal is to minimize potential claims against the Compensation Fund and disruption to consumer travel. The programme consists of an annual review of the financial statements of all registrants, a more frequent review of the financial statements of larger registrants and site inspections. The programme is proactive as TICO visits all new registrants within the first year of operation to ensure their understanding of the Act and Regulation and compliance requirements.

TICO Committees *(as at March 31, 2016)*

The following are Committees of the Board of Directors of the Travel Industry Council of Ontario:

Executive Committee (Chair: Chair: Jean Hébert)

The Executive Committee was created to assist the President & CEO and provide interim support between board meetings on an ad hoc basis. The Committee's role also includes participating in crisis or incident management, as required, in accordance with the Communications for Major Issues Policy. In in the event of a significant disruption to TICO's business operations, the Committee will participate in the implementation of the Business Continuity Plan.

Audit & Risk Management Committee (Chair: Ray DeNure)

The Audit and Risk Management Committee was created to assist the Board in the effective discharge of its governance and oversight responsibilities related to the financial reporting and risk management of the Corporation.

The Committee will oversee financial statements, internal control structures, compliance, risk management frameworks and the audit functions of TICO. The Committee will review, oversee and provide recommendations to the Board of Directors in the following areas:

- Audit
- Accounting and Finance
- Risk Management

Business Strategy Committee (Chair: Louise Gardiner)

The Business Strategy Committee was created to assist the Board in the effective discharge of its oversight responsibilities in the following areas:

- Business and Strategic Planning
- Technology and Business Processes/Operational Effectiveness
- Stakeholder Relations/Communications

Compensation Fund Committee (Chair: Patricia Jensen)

The Compensation Fund Committee was created to review and recommend to the Board the payment of claims against the Travel Compensation Fund in accordance with Ontario Regulation 26/05 and develop and recommend administrative policies to the Board regarding the administration of the Fund.

Education Standards Committee (Chair: Mike Foster)

The Education Standards Committee is a Committee of the Board of Directors of the Travel Industry Council of Ontario created to develop mandatory minimum educational standards on a two-tier basis for travel counsellors (Level 1) and supervisor/managers (Level 2). The standards include knowledge of the *Travel Industry Act, 2002* and Regulation. Individuals who sell travel services directly to the public be required to meet the educational standards.

Governance and Human Resources Committee (Chair: Lorraine Nowina)

The Governance and Human Resources Committee is responsible to provide oversight and recommendations to the Board of Directors in the following areas:

- Corporate Governance
- Human Resources
- Complaints against TICO

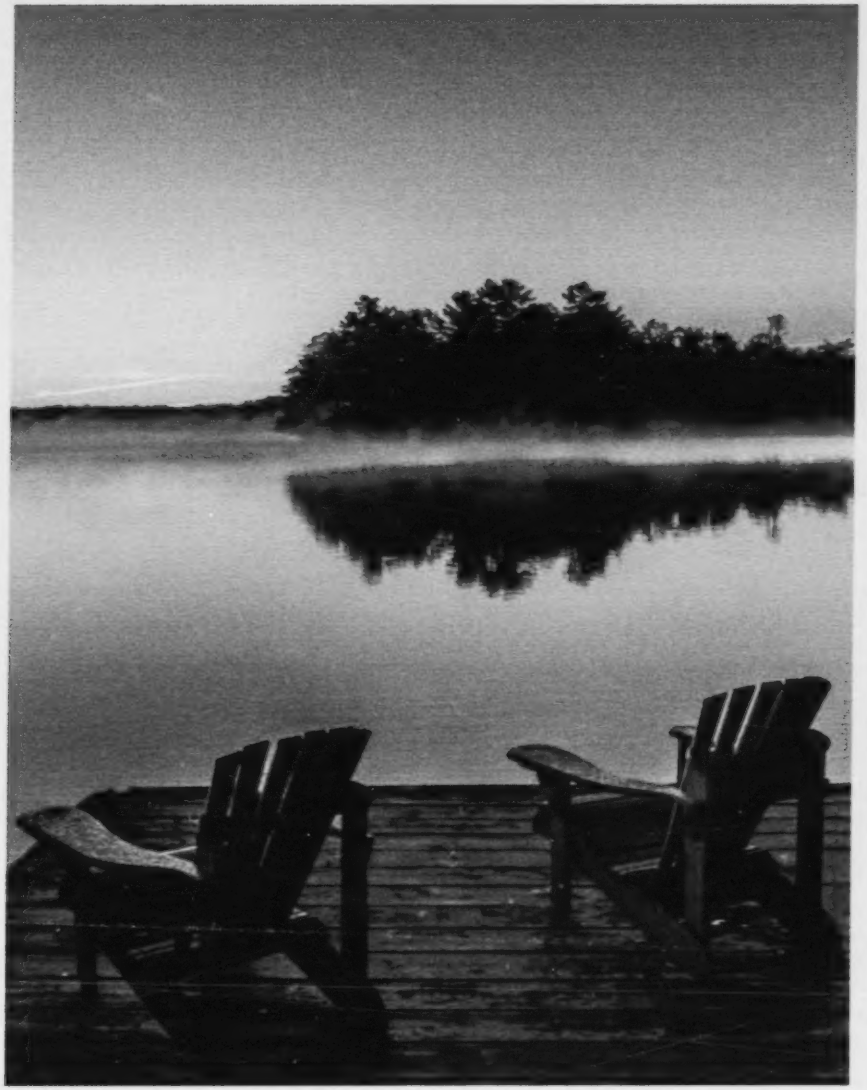
Legislative and Regulatory Review Committee (Chair: Richard Vanderlubbe)

The Legislative and Regulatory Review Committee was created to recommend to the Board of Directors legislative and regulatory reform necessary to achieve TICO's business objectives taking into consideration TICO's Mandate, Mission, Vision and Values as well as considering the practical impact of any changes on all stakeholders, including consumers and registrants.

The following Committee is made up of consumer volunteers:

Consumer Advisory Committee (Chair: Richard Smart)

The Consumer Advisory Group is a TICO Committee created to provide the President/CEO with observations, advice and recommendations related to consumer protection and to provide a forum for two-way communication with consumers and consumer interest groups.



BUSINESS ACCOMPLISHMENTS 2015/16

CONSUMER PROTECTION

Goal: To regulate and enforce the legislation by which the Ontario travelling public can be confident in their travel purchases.

BUSINESS OBJECTIVES	PERFORMANCE MEASURES 2015/2016	ACTIVITIES & ACCOMPLISHMENTS
Enhancing Financial Compliance Policy and Procedures.	Leveraging risk-based decision processes, implement improved procedures and processes through enhanced integration of inspection and compliance activities.	Developed, tested and introduced a more comprehensive registrant risk based assessment model whereby environmental risk factors are incorporated with the current legislative compliance risks. Detailed information on page 8.
Expanding TICO Reach Through Alliances.	Enhancing communication and reach by identifying and establishing new alliances from within the industry and/or other marketing associations.	Several meetings, presentations and communications were conducted with a number of industry and consumer associations and organizations such as Tourism Industry Association of Ontario (TIAO), Tourism Industry Association of Canada (TIAC), Travel Health Insurance Association (THiA), Better Business Bureau - Central Ontario (BBB), Consumer Protection British Columbia (Travel Regulator) and the Canadian Transportation Agency (CTA). Presentations were provided to the Judiciary (Justices of the Peace of Ontario Court of Justice) and the Association of Provincial Prosecutors of Ontario to enhance recognition and understanding of TICO's mandate and operations.
Enhancing Ministry Collaboration and Relations.	Continue to work collaboratively and effectively with the Ministry to enhance consumer protection legislation respecting the needs of all stakeholders.	Attended quarterly Liaison meetings with Ministry personnel. Participated in the Ministry's Delegated Administrative Authorities Efficiency Study. Participated on various DAA Collaboration Committees and Councils. TICO participated in the Ministry's Consultation for reform of Ontario Regulation 26/05 and the proposed *Delegated Administrative Authorities Act*.

BUSINESS ACCOMPLISHMENTS 2015/16

AWARENESS AND EDUCATION

Goal: Consumers and registrants are aware of TICO and understand the benefits of purchasing travel services through a registered travel agency or travel wholesaler.

BUSINESS OBJECTIVES	PERFORMANCE MEASURES 2015/2016	ACTIVITIES & ACCOMPLISHMENTS
Enhancing Consumer Awareness Campaign.	Improve and enhance overall TICO awareness and understanding over the prior year.	TICO continued its Consumer Awareness Campaign by executing a strategic plan that included a concentrated airing of a 30-second television commercial accompanied by a digital media strategy to increase awareness. Of consumers surveyed in Ontario, 33% of consumers indicated awareness of TICO in 2015/2016 compared to 32% in the previous year. Of consumers surveyed in the GTA, 40% indicated awareness of TICO compared to 39% in the previous year. Of those consumers surveyed who recognized the TICO logo, 74% correctly identify at least one TICO role compared to 69% in the previous year. Of those consumers surveyed, 69% indicated that they were aware that they must purchase travel services from an Ontario registered travel agency to obtain the protection from TICO and the Compensation Fund, compared to 66% the previous year. Attended and participated at 12 consumer trade shows throughout Ontario to increase consumer awareness of TICO and its services. More information about TICO's Consumer Awareness Campaign activities may be found on page 33.
Driving Registrant Engagement.	Hold registrant roundtables and seminars across multiple regions in Ontario.	Held 10 roundtable sessions and financial compliance seminars throughout Ontario to increase registrant knowledge of TICO and encourage engagement, dialogue and foster relationships with industry stakeholders.

BUSINESS ACCOMPLISHMENTS 2015/16

AWARENESS AND EDUCATION

Goal: Consumers and registrants are aware of TICO and understand the benefits of purchasing travel services through a registered travel agency or travel wholesaler.

BUSINESS OBJECTIVES	PERFORMANCE MEASURES 2015/2016	ACTIVITIES & ACCOMPLISHMENTS
Improve Customer (Registrant) Value.	Identify key drivers of customer value and develop actionable plans to improve TICO value proposition.	Initiative commenced during the fiscal year and has been carried forward for 2016/2017.
Encouraging Registrant Education.	Host and introduce a new education module by using both traditional and e-based mediums.	Held 10 seminars on accounting and financial requirements and hosted one webinar to provide registrants with a greater understanding of their responsibilities in relation to financial compliance. Produced a Working Capital "TICO Tips" educational module, which is available on TICO's website. Provided 5 speaking engagements to various industry stakeholder groups and registrants regarding TICO and its services to promote a greater understanding of TICO and its role in the industry. Attended 5 industry trade events to encourage registrant education and awareness of TICO, its services and role in the industry.

BUSINESS ACCOMPLISHMENTS 2015/16

ORGANIZATIONAL EFFECTIVENESS

Goal: TICO embraces a spirit of continuous improvement and innovation in the systems and processes in executing its mandate and in the ongoing investment and professional development of its people.

BUSINESS OBJECTIVES	PERFORMANCE MEASURES 2015/2016	ACTIVITIES & ACCOMPLISHMENTS
Commence Implementation of e-Commerce.	Commence implementation of online registration, renewal and Form 1 and e-payments for TICO services.	Initiative commenced during the fiscal year and has been carried forward for 2016/2017.
Optimize System Integration.	Commence implementation of systems integration and enhancement of TICO's Education Standards Program.	Initiative commenced during the fiscal year and has been carried forward for 2016/2017.
Enhance Human Resource Policy, Procedures and Best Practices.	Implement performance management system and professional development policies, systems and procedures.	New Performance Management Process and Forms completed and introduced to all TICO staff during 2015/2016.
Drive Employee Engagement.	Implement Employee Engagement survey.	Employee Engagement Survey developed and conducted. There was 100% staff participation. The baseline score was 81%. Introduced new Employee Assistance Program. Summer Hours Program established. Corporate Social Responsibility (CSR) Committee established. Core Values Committee established to work on development of renewed core values for TICO. Introduced and conducted quarterly Town Hall Meetings with staff. Lunch and Learn Sessions introduced throughout 2015/2016 to encourage professional development and wellness.

BUSINESS ACCOMPLISHMENTS 2015/16

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Within TICO's environment, CSR is viewed as the organization's broader involvement in the communities it aims to protect. As a small organization, TICO must consider innovative methods, leverage partnerships and build sustainable relationships to make a footprint in these communities. TICO believes that its mandate of consumer protection will be facilitated through an effective CSR strategy, deploying the talents and passions of all TICO employees.

BUSINESS OBJECTIVES	PERFORMANCE MEASURES 2015/2016	ACTIVITIES & ACCOMPLISHMENTS
Develop a Corporate Social Responsibility (CSR) Strategy.	Develop a CSR strategy that encompasses the Province of Ontario and introduce new CSR initiatives focusing on local communities.	CSR Strategy developed and approved by the Governance and Human Resources Committee of the Board of Directors. A number of initiatives commenced such as Fall and Winter Food Drives in support of the Mississauga Food Bank. More information may be found in the CSR Report on page 35.

BALANCED SCORECARD:

New for TICO in its 2015 Business Plan was a balanced scorecard. TICO will deploy this balanced scorecard throughout its fiscal year to monitor and gauge ongoing efforts and achievement of its strategic objectives. This balanced scorecard will be shared regularly with stakeholders to ensure transparency and accountability consistent with the Business Plan. The following are the achievements:

Objective	Performance Measure	FY 2015/2016 TARGET	FY 2015/2016 Achievements
CONSUMER PROTECTION / AWARENESS AND EDUCATION			
Stakeholders			
1) Enhance Consumer Awareness.	% of surveyed consumers aware of TICO.	Increase in % over the prior year. Conduct a customer value survey.	33% of consumers surveyed indicated awareness of TICO compared to 32% in the previous year. New for FY 2016/2017.
2) Enhance Registrant Awareness and Engagement.	Registrant outreach via roundtable meetings.	13 industry roundtables sessions throughout the province of Ontario. Conduct a registrant value survey.	TICO conducted 10 roundtable sessions during 2015/2016. Not commenced in 2015/2016. New for FY 2016/2017.
3) Enhanced Consumer Protection.	For claims received during the year, 70% are processed within 120 days of receipt.	Identify the percentage of claims received and approved during the year that are processed within 120 days of receipt. Identify the number of consumers assisted during the year.	Of the claims received between April 1, 2015 and March 31, 2016, 36% were processed within 120 days and 64% of claims relating to three failures were processed outside of 120 days as the circumstances surrounding the failures required further investigation. A total of 94 consumers were assisted with reimbursements from Ontario's Travel Compensation Fund.
4) Enhance Government Collaboration and Relations.	% of targeted Liaison meetings achieved.	4 Ministry Liaison meetings held during year. Contribute/participate in government initiatives.	Attended 4 Ministry Liaison meetings during the fiscal year. TICO participated in and contributed information to the Ministry's Delegated Administrative Authorities Efficiency Study. Participated on various DAA Collaboration Committees and Councils. TICO participated in the Ministry's Consultation for reform to Ontario Regulation 26/05 and the proposed *Delegated Administrative Authorities Act*.

BALANCED SCORECARD:

Objective	Performance Measure	FY 2015/2016 TARGET	FY 2015/2016 Achievements
ORGANIZATIONAL EFFECTIVENESS			
People (Employees)			
1) Drive Employee Engagement.	Establish baseline score (%).	Employees surveyed and baseline score determined.	TICO Employee Engagement Survey resulted in a score of 81% 2015/2016.
2) Invest in Training & Development.	Average number of professional days achieved per employee.	5 days of targeted development days across all employees.	An average of 5 days of professional development was achieved across all employees for 2015/2016.
Systems / Work Processes			
1) Integrate Education Standards Program.	Complete system integration and enhancement.	Complete integration and streamlining / enhancement of education standards program.	New for 2015/2016 but not completed. Objective carried forward for FY 2016/2017.
2) Implement Online Filing of Compensation Fund Assessments (Form 1) with e-Commerce Capability.	Complete system enhancements to allow registrants to file and submit payments for Form 1 via an online process.	By Q4 15% of applicants are using online Form 1 filing and payment process.	New for 2015/2016 but not completed. Objective carried forward for FY 2016/2017.
3) Complete the Redesign of TICO's Registration and Renewal Process.	Review and update registration and renewal processes in preparation for online registration and e-payment capability.	By Q4 complete an enhanced registration and renewal process framework and policies for commencement of system enhancements.	New for 2015/2016 but not completed. Objective carried forward for FY 2016/2017.
Finance			
1) Achieve Revenue Growth.	% budgeted revenue growth (year-over-year).	1% budgeted growth (FY 2014/2015 revenues reflect the receipt of revenues from prior fiscal year).	Revenue reduction 6%.
2) Drive Operating Efficiency.	% revenue growth less % expense growth.	2% positive leverage over three year Business Plan projections.	Operating expenses lower by 0.4%.
3) Achieve Compensation Fund Requirements.	Balance > $20 million.	Budget for March 31, 2016 $20.6 million.	Actual Compensation Fund balance $20.8 million as at March 31, 2016.

BALANCED SCORECARD:

Objective	Performance Measure	FY 2015/2016 TARGET	FY 2015/2016 Achievements
CORPORATE SOCIAL RESPONSIBILITY			
Community			
1) Develop Corporate Social Responsibility (CSR) Strategy.	Approved strategy document.	Strategy presented and approved by the Governance Committee of the Board of Directors.	CSR Strategy developed and approved by the Governance and Human Resources Committee of the Board of Directors.
2) Implement CSR Initial Initiative.	Initial initiative implemented.	Implementation of initial activity as supported by employees.	Initiated CSR initiatives and activities. See CSR Report on page 35.

ADDITIONAL BUSINESS ACCOMPLISHMENTS 2015/2016

- Review of TICO asset to ensure adequate funding exists.
- Review of Compensation Fund level to ensure adequate funding.
- Successfully administered TICO's Education Standards Program.
- Met the Terms of the Administrative Agreement by maintaining operations and systems to protect consumers in Ontario.
- Completed a Board Evaluation Survey in March of 2016.
- Reviewed and completed re-vitalization of TICO's Core Values (ELASTIC).
- TICO website maintained and kept up to date with timely information for the benefit of all stakeholders. Information provided included: press releases, industry advisories, closure advisories, Registrar Bulletins, TICO Talk Newsletter, Business Plan, Annual Report and other information items.
- TICO Talk quarterly newsletter e-blasted to all registrants and available on TICO's website.
- Communicated and restated TICO's Voluntary Code of Ethics for registrants on TICO's website and the TICO Talk newsletter.
- Distributed and made available on TICO's website, TICO's Annual Report and Business Plan in June of 2015.
- Joint Health and Safety Committee composed of employee and employer representatives continued its work to maintain and improve health and safety conditions in the workplace.

Compensation Fund Contribution Rate Review

At its meeting on January 26, 2016, the TICO Board of Directors recognized the goal of maintaining the Compensation Fund at an appropriate level and the need to make investments in the organization for the future. The Board agreed to proceed with a proposal for a Compensation Fund Contribution Rate Increase, subject to industry consultation.

On March 21, 2016, TICO released a Consultation Paper to registrants proposing a rate increase from $0.15 to $0.25 per thousand of Ontario travel sales, effective July 1, 2016. A business case was included demonstrating that without a rate increase, TICO is projecting an operating deficit and the potential for the Compensation Fund to fall below the targeted balance of $20 million. In addition, a number of strategic initiatives in support of TICO's Mission/Vision would be delayed or otherwise adversely impacted.

Industry stakeholders were invited to provide submissions on TICO's proposed Compensation Fund rate increase by April 20, 2016.

On April 27, 2016, TICO's Board of Directors announced that in response to the feedback received from stakeholders on the proposed increase to the Compensation Fund Contribution Rate, the Board approved a phased-in increase over the next two years as follows:

- Phase 1 – The Compensation Fund Contribution Rate will increase from $0.15 to $0.20 per thousand dollars of Ontario sales effective July 1, 2016.
- Phase 2 – The Compensation Fund Contribution Rate will increase from $0.20 to $0.25 per thousand dollars of Ontario sales effective April 1, 2017.

Operational Performance Review

Registration

On March 31, 2016, there were a total of 2,435 registrations with TICO (Fig. 1). Of these, 86% (2,093) are retail travel agencies, who sell travel services directly to consumers and 14% (342) are travel wholesalers, who sell travel services through travel retailers.

In 2015/2016, there were a total of 176 terminations (Fig. 2). A total of 2,439 registrations were processed under the *Travel Industry Act, 2002*, which included 127 new registrations (Fig. 3) and 2,312 renewals (Fig. 4). Registrations are renewed annually.

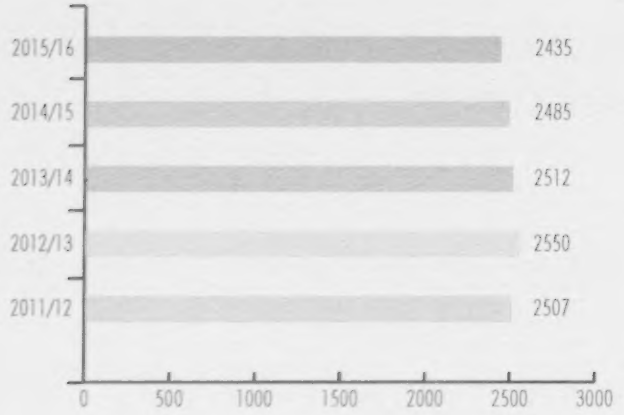


Figure 1: Total Registrations under the Act

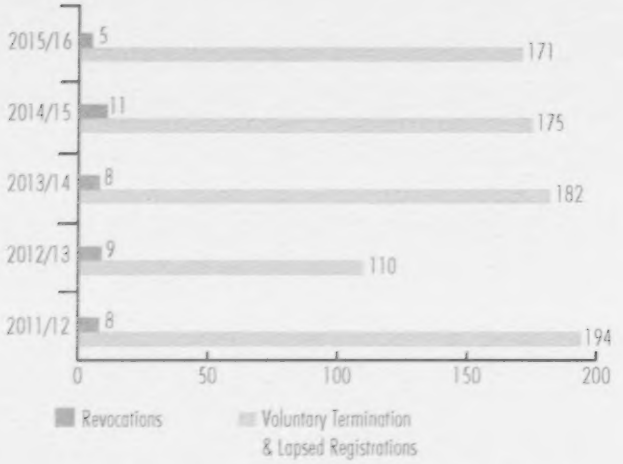


Figure 2: Total Voluntary Termination / Lapsed Registrations vs. Revocations

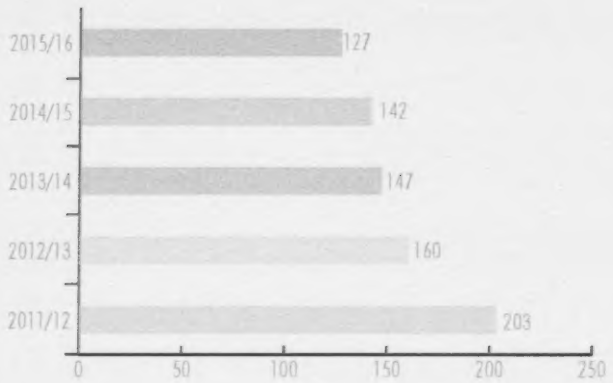


Figure 3: Total New Applications Processed

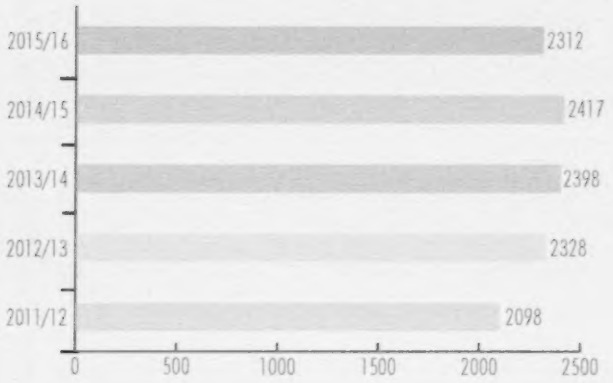


Figure 4: Total Renewal Applications Processed

Education Standards

Every person in Ontario who is working for a retail travel agency and is selling travel services or providing travel advice to the public must, by law, meet the Industry's Education Standards, which came into effect on July 1, 2009. This includes Supervisors and Managers on a registrant's registration record with TICO.

The Education Standards Program is administered by TICO and consists of two levels, the Travel Counsellor and the Supervisor/Manager exam. A combination exam is available for those wishing to write both the Travel Counsellor and the Supervisor/Manager exams at the same time.

During the fiscal year, a total of 5,819 exams were written as follows:

4,651 Travel Counsellor Exams.

240 Supervisor/Manager Exams.

928 Combined Travel Counsellor and Supervisor/Manager Exams.

As at March 31, 2016 a total of 54,624 exams have been written since the inception of the Education Standards on July 1, 2009.

Complaint Handling Process

TICO receives numerous telephone and email enquiries on a daily basis including those from consumers, registrants, applicants, government and industry stakeholders. TICO staff provides information with respect to consumer and business complaints, registration processes and acceptable business practice.

TICO provides complaint handling for consumer-to-registrant disputes. After encouraging consumers to pursue all avenues with the registrant, TICO staff will assist with the goal of reaching a mutually acceptable solution. However, TICO does not have the authority to settle a dispute, or to impose a settlement, and it does not have the authority or mandate to act as an arbitrator in any complaint matter. When a complaint involves allegations of non-compliance with the Act, the Registrar will undertake the necessary compliance and enforcement activities. If such is the case, this will be dealt with separately from assisting with resolution of the complaint.

When a mutual solution is not reached, complainants are provided with information regarding options to pursue matters.

When TICO receives a complaint it may be resolved in anywhere from a few hours over the telephone or a few weeks to a few months for a formal written complaint.

The length of time varies depending on the complexity of the issues, the availability of

feedback and documentation required, and the level of cooperation of those involved.

Registrant-to-registrant disputes have traditionally not been handled by the Registrar, unless financial issues or other allegations of non-compliance with the Act are involved.

Consumers and registrants with complaints against TICO may make a written submission to the Governance and Human Resources Committee of the Board of Directors.

The Governance and Human Resources Committee's mandate is to review and resolve, as appropriate, complaints against TICO, which are based on dissatisfaction with the quality and fairness of its services to registrants and consumers. The Committee also makes any recommendations with respect to TICO's complaint handling procedures that may arise from reviews of particular complaints. The Committee is composed of representatives from the Board of Directors. During the 2015/2016 fiscal period, there were no complaints received against TICO.

Appeals against the Registrar's administrative decisions may proceed, as appropriate, to the Licence Appeal Tribunal. Complaints may be submitted to TICO by telephone, fax, mail or e-mail.

Complaints

TICO resolved 240 written consumer complaints against registrants in 2015/2016 compared to 265 in the previous year (Fig. 5). Some of these complaints related to files that were opened in the previous fiscal year. The number of new complaints received during 2015/2016 was 256 compared to 307 in the previous year. In processing these complaints, TICO successfully assisted consumers in obtaining $126,475 in restitution compared to $101,762 the previous year. In addition, TICO handled 1,713 telephone complaint inquiries and 434 email complaint inquiries.

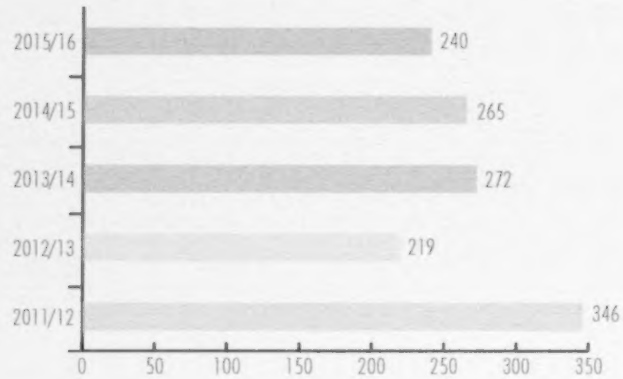


Figure 5: Written Complaints Resolved

The most frequent types of written complaints received at TICO in 2015/2016 were:

MOST FREQUENT COMPLAINTS RECEIVED AT TICO (Top 10 Complaints Reasons)

2015/2016	2014/2015
1. Suspected fraudulent activity of travel counsellor ⬆	1. Incomplete or incorrect information provided to the consumer by the registrant (i.e. information regarding the travel product or services being sold)
2. Invoicing issues (i.e. not complete with required information or invoice not provided to consumer)	2. Invoicing issues. (i.e. not complete with required information or invoice not provided to consumer)
3. Individual or company operating unregistered ⬆	3. Information / documentation.(i.e. issues related to travelling with passports and other travel documents)
4. Outstanding refund	4. Customer service issues
5. Customer service issues	5. Outstanding refund
6. Information / documentation. (i.e. issues related to travelling with passports and other travel documents)	6. Cancellation / non-refundable / no insurance
7. Failure to provide proper disclosure of required information (i.e. availability of travel insurance)	7. Accommodation changed
8. Accommodation changed	8. Suspected fraudulent activity of travel counsellor
9. Incomplete or incorrect information provided to the consumer by the registrant (i.e. information regarding the travel product or services being sold) ⬇	9. Itinerary change / flight times changed
10. Cancellation / non-refundable / no insurance	10. Incorrect ticketing issues

Consumer Survey Results – Complaints Process

During the fiscal year 2015/2016, TICO distributed an online consumer survey to 240 consumers who filed complaints against registrants with TICO, inviting feedback as to their experience with TICO's complaint's process. At the end of March 2016, there were 12 completed surveys returned to TICO.

The results of the 12 completed surveys received are as follows:

When asked to rate their overall satisfaction with TICO's handling of their complaint: 8 consumers advised they were either satisfied or very satisfied, 3 consumers indicated they were dissatisfied, while 1 consumer was neutral in their position.

When asked to rate their satisfaction with the fairness of the process: 8 consumers advised they agreed or they were satisfied, 3 indicated that they were dissatisfied and 1 consumer was neutral in their opinion.

TICO reviewed the survey results and established that some of the consumers who expressed dissatisfaction had filed a complaint which contained issues that are not covered by the legislation. As such, TICO was unable to assist them.

In other cases, TICO was able to identify possible contravention(s) of the Act and/or Regulation by the registrant(s) involved. These issues were referred to TICO's Compliance Department for further review. As a result, TICO requires registrants to initiate corrective measures in an effort to prevent similar situations from affecting future travellers. However, such referrals are not directed at obtaining compensation for specific complaints.

It should be noted that TICO does not have the authority to settle a dispute, or to impose a settlement.

Some consumers expressed dissatisfaction that TICO does not have the authority to settle a dispute, or to impose a settlement in complaint matters.

The survey results also indicated that 10 consumers were either satisfied or very satisfied with the complaint turnaround times, 1 consumer was dissatisfied and 1 consumer was neutral in their opinion. Turnaround times may vary considerably depending on the complexity of the issues involved as well as the responses received from complainants and registrants, which could result in further information being required from suppliers or other third parties.

Financial Inspections

Under the direction of the Registrar, the TICO is responsible for conducting a financial inspection programme. All registrant financial statements are subject to a bench review to ensure compliance with the financial standards required by regulation. The bench review process produces information, which may determine those registrants that should receive financial site inspections. During the fiscal period 2015/2016, TICO completed 1,868 bench reviews (Fig. 6) and completed 335 financial site inspections (Fig. 7). Site inspections were lower during the year by 103 due to inspector turnover. TICO returned to full inspector complement by Q3.

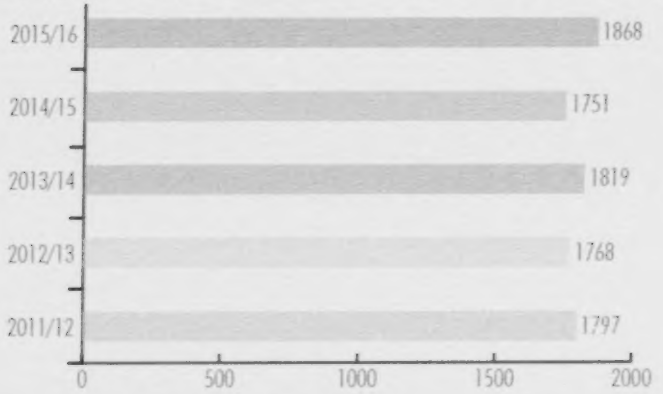


Figure 6: Total Financial Bench Reviews

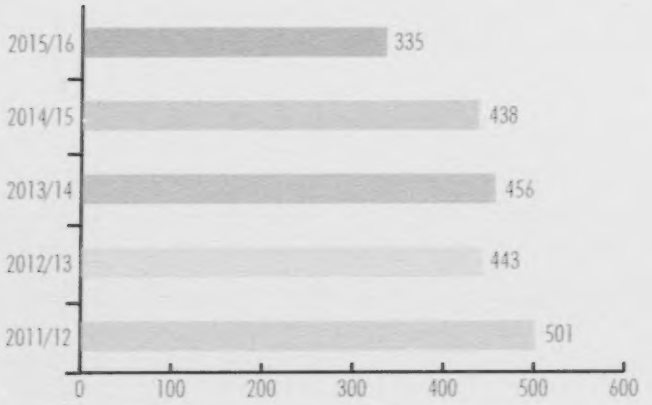


Figure 7: Financial Site Inspections

Compliance (Non-financial)

TICO performed 65 compliance site inspections during the 2015/2016 fiscal year compared to 53 in the prior year. Compliance site inspections are performed to address various issues such as advertising, invoicing and operating without registration. In 2015/2016, a total of 146 warnings for operating without registration were issued compared to 158 in the previous year (Fig. 8) and 116 advertising warnings were issued to registrants and/or individuals who appeared to be carrying on business in contravention of the Act and Regulation compared to 136 in the previous year (Fig.9). In addition, 203 invoicing warnings (Fig. 10) were issued to registrants who did not provide proper invoices and/or receipts in accordance with the Regulation compared to 317 in the previous year. Invoicing deficiencies are forwarded to the Compliance Department from consumer complaints, financial inspections and claims. In addition, 6 warnings were issued during the fiscal year in relation to Education Standards, compared to 4 in the previous year.

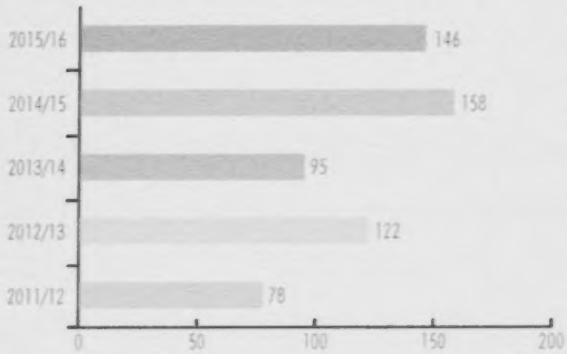


Figure 8: Total Warnings Issued for Operating without Registration

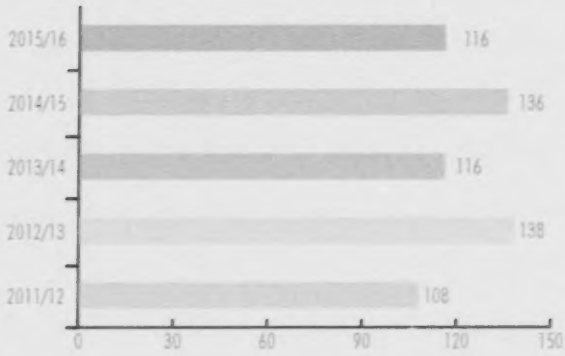


Figure 9: Total Warnings Issued for Advertising Infractions

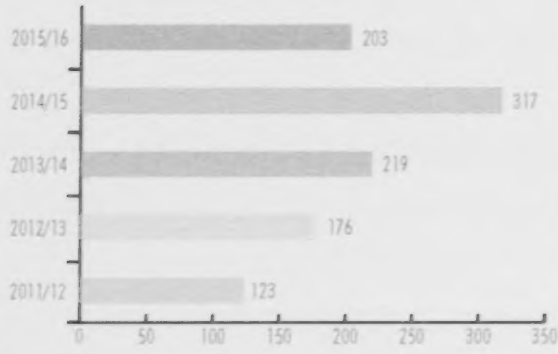


Figure 10: Total Warnings Issued for Invoicing Infractions

Travel Industry Compensation Fund

TICO is required to hold all Compensation Fund monies in trust. As at March 31, 2016, the assets held for the Compensation Fund were $20,813,919.

Claims and Repatriation (net of professional fees)

Claims paid during the fiscal year ended March 31, 2016 compared to the previous year ended March 31, 2015 were as follows:

	2015/16	2014/15
Number of claims paid	31	99
Number of consumers assisted	94	179
Claims paid - Registrant failure	$ 79,973	$ 143,810
Claims paid - End supplier failure	$ 20,354	$ 33,510
Total Claims paid	$ 100,327	$ 177,320
Repatriation / Trip Completion	$ 813	$ 2,501
Less recoveries	$ (3,072)	$ (124,199)
Net claims paid	$ 98,068	$ 55,622

Repatriation / Trip Completion

During the fiscal year ended March 31, 2016, there was one registrant failure that resulted in trip completion costs against the Compensation Fund totalling $813 to assist 1 consumer.

Closures Resulting in Significant Claims Paid

501159 Ontario Limited

o/a Executive Worldwide Travel

501159 Ontario Limited o/a Executive Worldwide Travel voluntarily terminated its registration under the *Travel Industry Act, 2002* to operate as a travel retailer on July 13, 2015. During the year ended March 31, 2016, a total of $56,390 was paid out of the Compensation Fund to assist 45 consumers with imminent departures.

Other Closures

The following entities ceased operations in previous years and resulted in claims paid during the 2015/2016 fiscal year:

Mexicana Airlines

Mexicana Airlines was officially declared bankrupt as of Friday, April 4, 2014.

The airline suspended flights in 2010 due to financial difficulties and was processing refunds. Consumers who purchased Mexicana Airlines travel services from an Ontario registered travel agency and who did not receive the travel services purchased and were still owed a reimbursement from the airline were eligible to claim against the Travel Compensation Fund.

During the year ended March 31, 2016, a total of $15,095 was paid out of the Compensation Fund, assisting 21 consumers. To date, a total of $48,605 has been paid out of the Compensation Fund, assisting 74 consumers.

SUMMARY OF CLOSURES RESULTING IN CLAIMS AGAINST THE COMPENSATION FUND AND CORRESPONDING RECOVERIES

REGISTRANTS	CLAIMS PAID 2015/16 $	RECOVERIES 2015/16 $	CLAIMS PAID 2014/15 $	RECOVERIES 2014/15 $
Aerosvit Airlines *	2,308	279		
Amigo Travel Ltd. (R)	2,307	-	21,614	-
Best Way to Travel (R)	-	-	2,665	-
BTM Services (R)	-	241	-	139
Business & Vacation Travel Planners (R)(W)	5,805	-	-	-
Dolphin Travel (R)	-	500	-	-
Executive Worldwide Travel (R)	56,390	-	-	-
EZJet Air Services Inc. *	-	-	-	73,117
John Douglas Mills o/a Algonquin Travel (R)	8,084			
Joy Travel & Tours (R)	-	-	1,790	-
Mexicana Airlines *	15,095	1,834	33,510	798
Minfare Travel (R)	-	-	-	6,834
Sky Asia Travel (R)	-	-	119,032	20,000
Smartchoice Travel & Tours (R)	8,200	218	1,210	-
SkyGreece Airlines *	2,951	-	-	-
Sunrise International Travels Inc. (R) (W)	-	-	-	23,311
TOTAL CLAIMS PAID (GROSS)	101,140	3,072	179,821	124,199

(R) = Retailer

(W) = Wholesaler

(*) = Non-registrant End Supplier (Airline or Cruise line)

Note: Recoveries listed may relate to claims paid out in previous years.

Figure 11 illustrates the total claims paid by the Fund over the last four years. The total claims paid during 2015/2016 totalled $101,139 compared to $179,821 the previous year. Recoveries received by TICO in 2015/2016 were $3,072 compared to $124,199 recovered in 2014/2015.

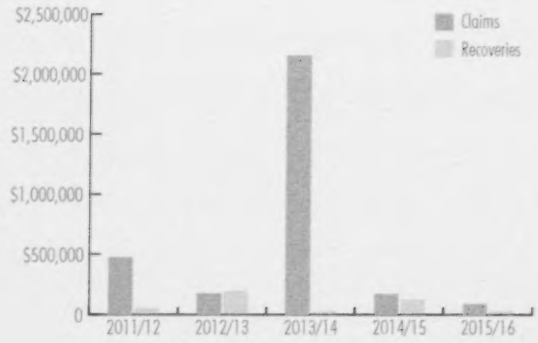


Figure 11: Total Claims paid and Recoveries to the Fund

Figure 12 provides a comparison of the total claims paid out of the Compensation Fund as a result of TICO registrant closures and claims paid as a result of end supplier (airline or cruise line) failures. During the 2015/2016 fiscal year, there was a decrease in claims paid out of the Compensation Fund as a result of registrant failures. In 2015/2016, a total of $80,786 was paid in claims related to registrant failures compared to $146,311 to the prior year. During the fiscal period 2015/2016, a total of $20,353 in claims was paid as a result of end supplier failures compared to $33,510 in the previous year.

Contributions to the Fund from registrants (Fig. 13) in 2015/2016 were marginally lower compared to the previous year with $2,332,835 received in 2015/2016 and $2,395,653 received in 2014/2015.

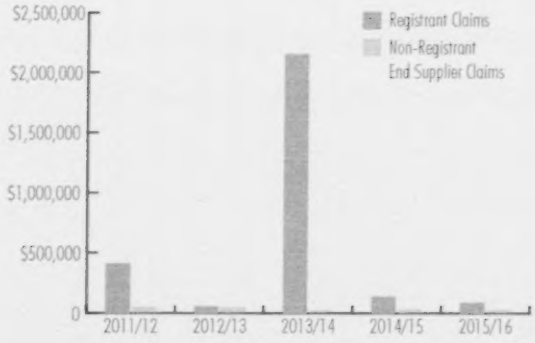


Figure 12: Registrant Claims vs Non-Registrant End Supplier Claims

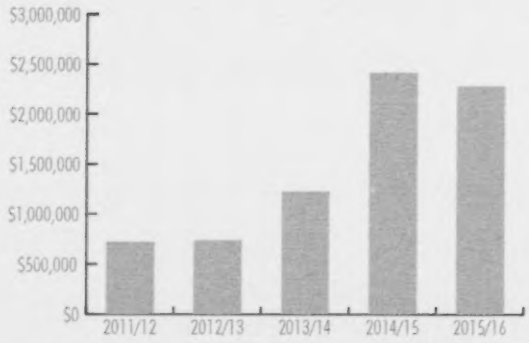


Figure 13: Contributions to the Compensation Fund

Consumer Survey Results – Claims Process

During the fiscal year 2015/2016, TICO distributed an online consumer survey to 93 claimants who filed claims against the Compensation Fund inviting feedback on their experience with TICO's claims process. At the end of March 2016, one completed survey was returned to TICO.

When asked to rate overall satisfaction with TICO's handling of their claim, and the fairness of the process, the consumer indicated that they were dissatisfied with the handling of their claim and with the fairness of the process. The survey results also indicated that the respondent was dissatisfied with the length of time taken to process their claim.

Legal Matters

Claims

The Licence Appeal Tribunal (LAT) hears appeals from decisions of the Board relating to the eligibility of claims for payment from the Compensation Fund. During the period ended March 31, 2016, there were 3 LAT hearings held in relation to decisions of the Board to disallow any claims. LAT upheld the decision of the Board to disallow two claims and overruled the Board's decision and allowed payment of one claim in the amount of $5,600. TICO filed an appeal to Divisional Court and as at March 31, 2016, the matter is still before the courts.

Investigations

TICO initiates and conducts investigations when it becomes apparent that there may have been a breach of the legislation. Investigations can result in charges being laid under the statute. During the fiscal 2015/2016, TICO opened 19 new investigations and closed 14 investigations that resulted in 105 charges being laid under the statute. Some of the investigations were carried over from the prior fiscal year. As at March 31, 2016, there were 17 open investigations.

Prosecutions

Investigations conducted during 2015/2016 have resulted in 48 convictions; $939,435 in fines and restitution; 1,520 days of jail and 2,555 days probation. The following are the details of the prosecutions achieved during the fiscal year:

ASAP Travel & Tours and Carolyn Bella

6097472 Canada Inc. o/a ASAP Travel & Tours ("ASAP Travel") and Carolyn Bella each plead guilty and were convicted of one count of carrying on business with Maria Rowena Santiago Belen who was required to be registered as a travel agent but was not in fact so registered, contrary to section 20 of Ontario Regulation 26/05 made under the *Travel Industry Act, 2002*. ASAP Travel is a travel agent registered under the Act and it operates in Toronto and elsewhere in Ontario. Carolyn Bella is President/Manager of ASAP Travel. Ms. Bella was sentenced to pay a fine of $5,000 plus a Victim Surcharge fee, for a total of $6,250. Ms. Bella was given 5 years to pay the fine. ASAP Travel received a suspended sentence.

Maria Rowena Santiago Belen

Maria Rowena Santiago Belen ("Ms. Belen") plead guilty to one count of operating as a travel retailer without registration contrary to section 4(1)(a) of the *Ontario Travel Industry Act, 2002*. Ms. Belen offered travel services in Toronto and elsewhere in Ontario. As a result of the conviction, the following sentence was imposed on Ms. Belen:

1. Incarceration for a period of twelve (12) months to be served concurrently with the criminal sentence currently being served.
2. Free Standing Restitution Order in the amount of $81,578.21 in favour of 24 consumers who paid Ms. Belen for travel services that were not provided.

On February 15, 2015, Ms. Belen was convicted of one count of Defrauding the Public contrary to s. 380(1)(a) of the Criminal Code of Canada, relating to approximately 70

individuals who paid $301,736.17 for travel services not provided. Ms. Belen was sentenced to a period of incarceration that is the equivalent of 21 months and a Free Standing Restitution Order in the amount of $301,736.17.

Budget Travel and Tours

Maria Ellen Galorport, Sole Proprietor, operating as Budget Travel and Tours ("Ms. Galorport") plead guilty and was convicted of one count of carrying on business with Maria Rowena Santiago Belen who was required to be registered as a travel agent but was not in fact so registered, contrary to section 20 of Ontario Regulation 26/05 made under the *Travel Industry Act, 2002*. Ms. Galorport operated as a travel agent registered under the Act but voluntarily terminated her registration effective September 30, 2014. Ms. Galorport was sentenced to pay a fine of $8,000 plus a Victim Surcharge fee, for a total of $10,000. Ms. Galorport was given one year to pay the fine.

Valhalla Travel and Birgit Sondrup

974764 Ontario Ltd o/a Valhalla Travel & Tours (Valhalla Travel) and Birgit Sondrup plead guilty and were convicted of 3 (three) counts each, under the *Travel Industry Act, 2002* and Ontario Regulation 26/05 made under the Act. Ms. Sondrup, Director and Officer of Valhalla Travel, was convicted and received the following sentence:

1. On count of operating as a travel agent without registration, contrary to section 4(1)(a) of the Act – a fine of $3,000 plus Victim Surcharge Fee (VSF), for a total of $3,750;
2. On count of operating as a travel wholesaler without registration, contrary to section 4(1)(b) of the Act – a fine of $3,000 plus VSF, for a total of $3,750;
3. On count of failing to deposit trust funds into the trust account within 2 business days – a fine of $4,000 plus VSF, for a total of $5,000;

The total fine payable by Ms. Sondrup was $10,000 plus VSF, for a total of $12,500. The fine is payable within 6 months. Valhalla Travel has been convicted and received a suspended sentence on all counts.

Lilia Quiroz

Lilia Quiroz was convicted of one count of operating as a travel agent without registration contrary to section 4(1)(a) of the *Travel Industry Act, 2002*. Ms. Quiroz was sentenced to a fine of $3,000 plus Victim Surcharge Fees, for a total of $3,750 and to a period of probation for one year with the condition *(in addition to statutory conditions of the probation order)* that restitution of $2,000 is paid to a consumer who paid Ms. Quiroz for travel services that were not received. Ms. Quiroz operated in Mississauga and elsewhere in Ontario.

Amigo Travel Ltd., Mirta Zamora and Esterlina Coyant

As a result of an ex-parte trial, Amigo Travel Ltd. (Amigo Travel), Mirta Zamora and Esterlina Coyant (collectively the "Defendants") were convicted of 7 (seven) counts each of failure to deposit customer funds into the trust account, contrary to section 27(3) of Ontario Regulation 26/05 made under the *Travel Industry Act, 2002*.

The Ontario Travel Industry Compensation Fund paid a total of $65,069.57 to consumers who suffered financial losses as a result of the Defendants' actions.

Ms. Zamora and Ms. Coyant, Directors and Officers of Amigo Travel, each received the following sentence:

1. 60 day jail sentence, on each count, served consecutively, for a total of 420 days of incarceration;
2. $15,000 fine plus a Victim Surcharge Fee, for a total of $18,750, on each count. The total fine on seven counts equals $131,250, for each individual.
3. Ms. Zamora and Ms. Coyant were given a year to pay the fine.

Amigo Travel:

1. Was sentenced to a fine of $250,000 plus Victim Surcharge Fee, for a total of $312,500 on Count No. 1 and was given 1 year to pay the fine;
2. Suspended sentence for Counts No. 2-7.

Dat Phuc Ngo o/a Sky Asia Travel

Dat Phuc Ngo o/a Sky Asia Travel plead guilty to one count of failing to keep customer funds in the trust account, contrary to section 27(6) of Ontario Regulation 26/05 made under the *Travel Industry Act, 2002*.

Mr. Ngo has been convicted and received the following sentence:

1. 45 days of incarceration served intermittently;
2. Probation Order for 2 years with the condition (in addition to the statutory conditions outlined in section 72 of the Provincial Offences Act, 1990), that Mr. Ngo is not to be employed in the travel industry in any capacity.

The Ontario Travel Industry Compensation Fund paid claims in excess of $170,000 in relation to the closure of Sky Asia Travel on January 16, 2014.

MKI Travel and Conference Management Inc. (MKI)

Following a lengthy trial, the Court rendered the following decision:

MKI Travel and Conference Management Inc. (MKI):

1. MKI was found guilty of two counts of failing to deposit customer funds in the trust account, contrary to section 27(3) of Ontario Regulation 26/05 made under the *Travel Industry Act, 2002;*
2. Guilty of failing to seek the Registrar's consent to open a second trust account, in advance, contrary to section 27(4) of the Regulation.
3. Not guilty of failing to keep customer funds in the trust account, contrary to section 27(6) of the Regulation.

Ronald Greenwood, President, Shareholder and Director of MKI, was acquitted of all charges.

MKI Travel and Conference Management Inc. operated in Ottawa and elsewhere in Ontario. The Ontario Travel Industry Compensation Fund paid claims in excess of $2 million related to the closure of MKI in May 2013.

TICO appealed the decision and as at March 31, 2016. The matter was still before the courts.

99 Travel and Tours Inc. (99 Travel) and Thaneshkanth Sivaganasundaram

Following a guilty plea, 99 Travel and Tours Inc. (99 Travel) and Thaneshkanth Sivaganasundaram, were each convicted of one count of operating as a travel agent without registration, contrary to section 4(1)(a) of the *Travel Industry Act, 2002*.

Mr. Sivaganasundaram was fined $5,000 plus Victim Fine Surcharge, for a total of $6,250 payable within one year. 99 Travel received a suspended sentence.

99 Travel was a travel agent registered under the Act and operated in Toronto and elsewhere in Ontario. Mr. Sivaganasundaram was a Director and Officer of 99 Travel. 99 Travel's registration was revoked effective June 11, 2014.

Kyle Gaspari o/a Executive Sports Company

Following an extensive ex-parte trial, Kyle Gaspari o/a Executive Sports Company (Mr. Gaspari), was convicted of 2 (two) counts of operating as a travel agent without registration, contrary to section 4(1)(a) of the *Travel Industry Act, 2002*. Mr. Gaspari was sentenced to 6 months of incarceration un count No. 1 and 3 months of incarceration on count No. 2, served concurrently. In addition, a Restitution Order in favour of the victims was issued, for a total of $186,259.34. Further, a warrant for Mr. Gaspari's arrest was issued. Mr. Gaspari operated in Burlington and elsewhere in Ontario.

Judy Jackson

Following a guilty plea, Judy Jackson was convicted of 5 (five) counts of operating as a travel agent without registration, contrary to section 4(1) (a) of the *Travel Industry Act, 2002*.

Ms. Jackson was sentenced as follows:

Count No. 1: Fine in the amount of $5,000 plus Victim Surcharge Fee, for a total of $6,250., payable over a period of 24 months;

Count No. 2: Probation Order for two years with the following conditions, in addition to the statutory conditions outlined in section 72 of the POA:

(a) The Defendant is not to be employed in the travel industry in any capacity, where she handles customer funds, credit cards or other modes of customer payment.

(b) Prior to accepting a job in the travel industry, the Defendant is to inform the prospective employer of her conviction under the TIA.

Count No. 3: Free Standing Restitution Order, payable to the travel agent that employed Ms. Jackson as an OSR, in the amount of $5,847.50;

Count No. 4 & 5: Suspended Sentence;

Pre-sentence Resolution – As part of the pre-sentence settlement resolution, Ms. Jackson reimbursed consumers a total of $2,080.

Jinling Wei and Herui Travel

Jinling Wei and Herui Travel and Tours Corp. (Herui Travel) plead guilty and were each convicted of one count of operating as a travel agent without registration, contrary to section 4(1)(a) of the *Travel Industry Act, 2002*. Ms. Wei was sentenced to a fine of $10,000 plus the Victim Fine Surcharge, for a total of $12,500 and a Probation Order for a period of two (2) years with a condition not to operate or otherwise be employed in the travel industry in any capacity. Herui Travel was sentenced to a $20,000 fine plus Victim Fine Surcharge, for a total of $25,000. This is a second conviction for Ms. Wei and Herui Travel under the Act. They were previously charged and convicted in November 2012 of operating as a travel agent without registration.

Order to Cease and Desist against Carolyn Solomon and Blue Mountain Travel

Following TICO's application to the Superior Court of Justice, an Order to Cease and Desist was issued against Carolyn (Michele) Solomon and 1924067 Ontario Inc. o/a Blue Mountain Travel (Blue Mountain Travel).

The Court ordered Ms. Solomon and Blue Mountain Travel, who are not currently and have never been registered as travel agents, to comply with section 4(1)(a) of the *Travel Industry Act, 2002* (the Act), specifically, to cease and desist advertising, offering, counseling for the purpose of sale and selling travel services without registration.

Ms. Solomon is a sole shareholder and director of Blue Mountain Travel, which operated in Toronto and elsewhere in Ontario. On August 21, 2015, Ms. Solomon was charged with one count of operating as a travel agent without registration, contrary to section 4(1)(a) of the Act.

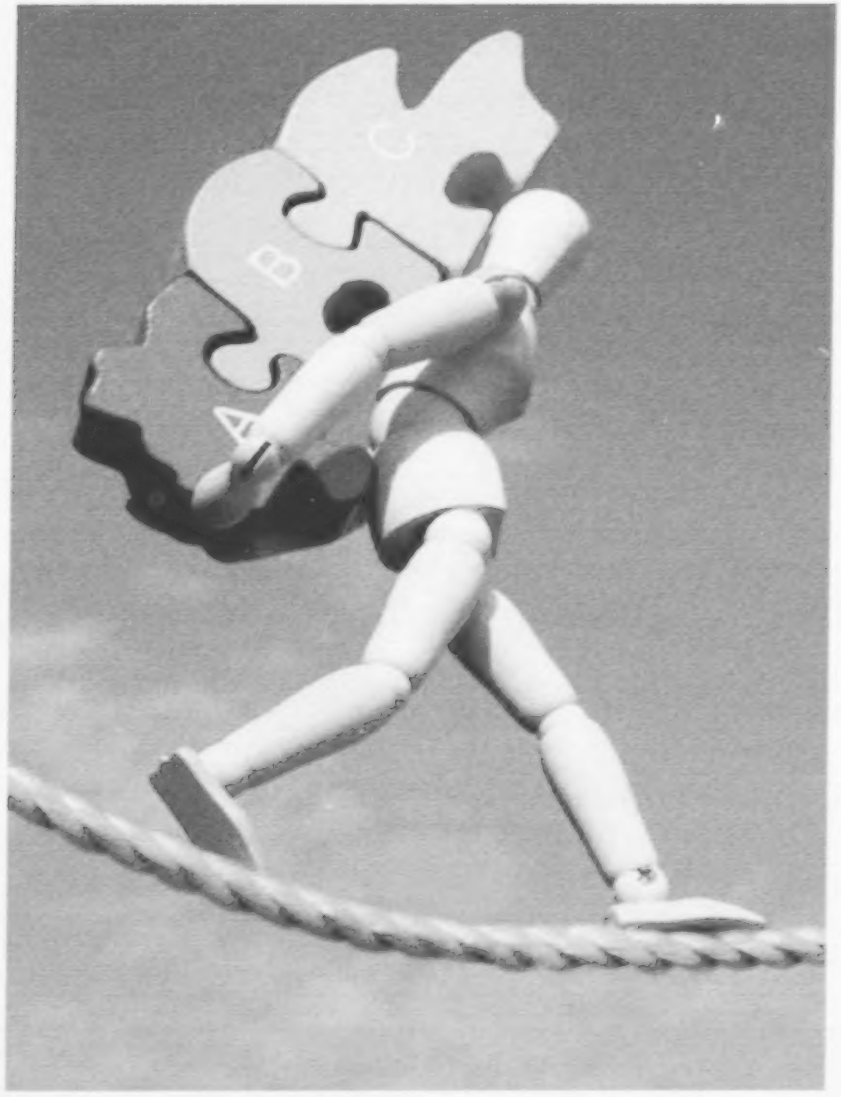
Ms. Solomon was previously employed by 407488 Ontario Ltd. o/a Business & Vacation Travel Planners, o/a Blue Mountain Travel, which was a registrant under the Act but terminated its registration effective July 31, 2015.

Proposals to Revoke Registration

A total of 18 proposals to revoke registration were issued during 2015/2016. The proposals were issued for the following reasons:

	2015/16	2014/15
Failure to file Financial Statements	5	19
Failure to maintain Working Capital	2	5
Failure to maintain Trust Accounting	4	2
Failure to file Compensation Fund Assessment (Form 1)	7	7
Other Breaches of the Act and Regulation	0	1
	18	34

TICO attended 20 pre-hearings and 1 hearing before LAT in response to the proposals issued against registrants. Pre-hearings are a mandatory part of the LAT appeal process. Some proposals were settled prior to their scheduled hearing date. During the year, 5 registrations were revoked, 1 proposal was withdrawn and 9 were settled by consent order. At the beginning of the fiscal year, there were 7 outstanding proposals and at the end of March 2016, there were 11 outstanding proposals.



Consumer Awareness Campaign

During the 2015/2016 fiscal year, TICO worked with the Marketing Garage of Aurora, Ontario on TICO's Consumer Awareness Campaign. The goal each year is to increase consumer awareness and to ensure that consumers gain a better understanding of TICO and the consumer protection that is available when they purchase travel services from Ontario registered travel agencies.

TICO introduced a new campaign strategy entitled Icon Story using innovative travel icon symbols to convey a story and provide TICO's important consumer protection message. The Icon Story campaign was developed as a result of feedback received from registrants and frontline travel agents who attended TICO's roundtable sessions during the 2014/2015 fiscal year. At those sessions, registrants and travel agents recommended that TICO design a consumer awareness campaign with messaging that demonstrates the possible pitfalls of booking travel services without using the services of an Ontario registered travel agency or website.

TICO listened and the Icon Story and its call to action was created. Using various moving travel icons, a 30-second animated television commercial was produced depicting a family denied boarding at the airport because they held an expired passport. The call to action that follows states, "For all the information you don't know you don't know, book with a TICO registered travel agency or website. *TICO, Ontario's Travel Regulator*. Look for the logo." The Campaign promotes the benefits of booking with Ontario registered travel agencies and their respective travel counsellors in addition to promoting TICO and the consumer protection available in Ontario.

TICO's media strategy had the 30-second television commercial airing on all Ontario television networks as well as viewed online as pre-roll ads to capture consumers who view news, television and video online. TICO's Icon Story television commercial was aired on all Ontario networks over a 4 week period in January and February 2016 achieving 120 Gross Rating Points (GRP) a week and delivering an estimated 24 million impressions to provide a more meaningful impact and use of TICO's advertising dollars.

During the fiscal year, TICO's Consumer Awareness Campaign also included a dedicated digital marketing media strategy to increase its reach to improve awareness among Ontario travellers, particularly those in a younger age bracket that predominantly use the internet and social media to resource and purchase products and services as opposed to turning to the traditional bricks and mortar retail travel agency.

The Campaign's digital marketing strategy included pay-per-click advertising to capture consumers on the internet when searching for travel services. Display ads were used and linked to customized landing pages, which provided consumers with TICO's consumer awareness message. This initiative resulted in 32,765 clicks and 11,117,536 impressions during the fiscal year and generated 247,944 visits through to TICO's website and an increase of 26% of visits to tico.ca compared to the previous year.

TICO also enhanced its website by introducing a search optimized blog with useful travel tips and information for consumers with over 8,221 page views and some blogs being shared over 1,000 times. TICO also introduced postings via various social media networks such as Facebook and Twitter. Postings included regular informative postings about travel and consumer protection and the benefits of booking with Ontario registered travel.

Public relations was also a component in the campaign's strategy and along with various interviews conducted with media on timely travel related issues throughout the year, TICO maintained an ongoing column in the Travel Section of the Saturday edition Toronto Star, which is featured every two weeks. The column answers readers travel questions and tackles timely and top of mind travel issues and promotes education and awareness of various travel related issues as well as the consumer protection available in Ontario.

Throughout 2015/2016, TICO continued to attend consumer trade shows around the province to promote consumer awareness and educate them about TICO and the consumer protection available to them when they purchase travel services from TICO registered travel agencies.

Each year, TICO conducts an omnibus survey to measure the success of the campaign. Awareness of TICO in Ontario increased to 33% compared to 32% in the previous year. There was an increase in awareness of TICO in the GTA area with 40% indicating awareness of TICO in 2015/2016 compared to 39% in the previous year. In 2016, 39% of consumers surveyed in Ontario indicated television advertising as the source of awareness of TICO, compared to 38% in the previous year.

The survey also indicated an increase in consumer's knowledge of TICO's roles as 69% of those surveyed who were aware of TICO understood that they must purchase their travel services from an Ontario registered travel agency to obtain the protection from TICO and the Compensation Fund. This was an increase from 66% in the previous year.

The goal is to continue to increase awareness of TICO and understanding of the consumer protection that is available when purchasing travel services from Ontario registered travel agencies.

Registrant Engagement

In 2015/2016, TICO continued its efforts to reach out to registrants and provide opportunities for meaningful engagement and sharing of information to not only provide the industry with a better insight of TICO but to also allow TICO to gain a better understanding of issues or challenges being faced by registrants in the marketplace.

TICO conducted 10 roundtable sessions across Ontario with industry associations, frontline travel agents and travel agency owners to obtain feedback on their understanding of TICO, its role in the industry, as well as TICO's Consumer Awareness Campaign. The Icon Story Consumer Awareness Campaign was introduced and attendees were engaged in discussion to increase to seek their views on Campaign's concept and messaging. Attendees were encouraged to use the campaign messaging when communicating with their customers.

The roundtable sessions provided an opportunity for TICO to engage registrants and travel agents with respect to their knowledge and understanding of TICO and its services. TICO also provided a Regulator's perspective and insight on the issue of fraud in the travel industry and provided some suggestions for tips and best business practices to consider to protect their businesses. It also provided a forum for registrants and travel agents to ask any questions that they may have with regard to TICO, its mandate and role in the travel industry. There was also an opportunity for an open dialogue with industry members on various questions and/or industry issues they wished to raise. TICO also addressed the issues of the provincial government's proposed regulatory reform as well as TICO's Compensation Fund rate review and proposed increase to the assessment rate. The feedback received from attendees was very constructive. Both attendees and TICO left the sessions with a greater understanding and appreciation of the issues and challenges faced in the Industry. In addition, attendees left with a greater understanding of TICO. Feedback received by TICO at the roundtable sessions will assist in future communications with stakeholders as well as assist in planning future Consumer Awareness Campaign strategies.

TICO also attended five industry events to distribute information and obtain feedback from registrants and to encourage registrant engagement in TICO's Consumer Awareness Campaign. In addition, in an effort to increase registrant awareness and understanding, TICO held 10 seminars on accounting and financial requirements and hosted one webinar to provide registrants with a greater understanding of their responsibilities in relation to financial compliance.

An online survey was conducted with TICO registrants to obtain their views on TICO's Consumer Awareness Campaign and to establish whether travel agents are using the campaign messaging and collateral materials to benefit their business. TICO received 111 responses. A total of 91% of respondents indicated that they have downloaded the TICO logo from TICO's website to let their customers know they are registered with TICO. A total of 48% of respondents indicated that they include the TICO logo in their advertisements and 68% display the TICO logo on their website. Approximately 49% of respondents indicated that they have the TICO logo on their invoices and 36% of respondents include the TICO logo on their business cards.

When asked whether they advise their customers about the benefits of purchasing travel services with their company as a TICO registered travel agency, a total of 86% of respondents indicated that they advise their customers about the benefits of booking with a TICO registered travel agency. When asked whether they believe that TICO's Consumer Awareness Campaign and its messaging has been beneficial to their businesses, a total of 41% of respondents answered positively that the messaging has been beneficial to their business.

Ultimately, TICO would like the industry to understand that there is value to being part of a self-managed industry with standards and there is value to promoting their businesses as being registered with TICO. In turn, TICO would like all Ontarians to understand and appreciate the knowledge, integrity and professionalism of Ontario registered travel agents and the consumer protection that is afforded to them when they book with a TICO registered travel agency. By working together, more consumers will come to understand the consumer protection available in Ontario when they book with Ontario travel agents. By spreading the word, we can build a stronger industry and increase education and awareness.

Corporate Social Responsibility (CSR)

Since its launch in May 2015, the TICO CSR Committee, a group of eleven enthusiastic and dedicated staff members, have developed a CSR Charter and a Strategy, which incorporates environmental, charitable and financial initiatives.

Environmental Initiatives

1. Participation in an office waste and recycling program, with efforts aimed at responsible use of paper, paperless initiatives and recycling.
2. Earth Week activities included TICO staff cleaning up Max Ward Park, which is near TICO's offices. Max Ward was a Canadian aviator and founder of Wardair Canada.

Richard Smart, President & CEO

Local Charitable Initiatives

1. Launched a partnership with the Mississauga Food Bank (MFB) in the summer of 2015.
2. TICO staff volunteered at the MFB and sorted food.
3. Conducted Thanksgiving and Christmas Food Drives.
4. Commenced a Virtual Food Drive. To date, TICO staff has raised over $500.

Global Charitable Initiatives

1. Launched a partnership with Plan Canada.

Financial Initiatives

1. The CSR Committee plans to incorporate environmental, social and governance (ESG) investing into TICO's Investment Policy.

French Language Services

TICO strives to respond to all inquiries received in the French language, whether oral or written. A comparable level of service will be provided in either language whenever and wherever demand and customer service warrant. TICO staff are able to communicate in several languages and provide both registrants and consumers with a timely, courteous and quality response to all French language enquiries. Correspondence received in French is responded to in French.

FINANCIAL REVIEW

The following financial review is based on the audited financial statements for the Travel Industry Council of Ontario (TICO) for the year ended March 31, 2016 with comparative figures for March 31, 2015.

Overview

Despite a challenging year, best characterized as unpredictable, TICO's financial performance achieved overall budget expectations, tracking closely to revenue and expense projections. Looking back, this was another year where claims against the Compensation Fund were low by historical standards.

As at March 31, 2016, the combined Net Assets of TICO were $22,443,583 compared to $22,286,209 for the year ended March 31, 2015. This increase in Net Assets was the result of total revenues exceeding all expenses, including claims, by $157,374 for the year, compared to a similar surplus of $441,717 in the prior year. Total revenues however decreased in 2015/2016 by $267,773 or 6%, while operating expenses, before net claims, were essentially flat, decreasing marginally by $18,852 or 0.4%. Net claims remained relatively low at $98,068 compared to $62,646 the year prior.

For the second consecutive year, TICO generated a reasonable net surplus of revenue over expenses of $157,374, equivalent to 3.5% of revenues.

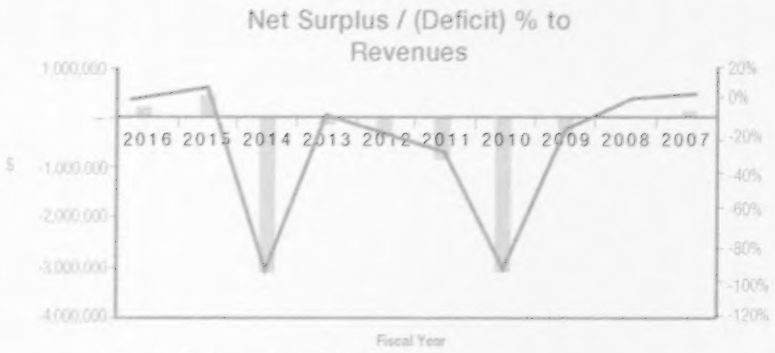


Figure 14: Net Surplus/ (Deficit) % to Revenues

TICO is required to hold all Compensation Fund monies in trust. As of March 31, 2016, the assets held for the Fund totaled $20,813,919 compared to $20,850,147 as of March 31, 2015.

Revenue

Total revenue for the year ended March 31, 2016 was $4,475,660 derived as follows (Fig.15):

Revenue by Source			
Source	2016	2015	% Change
Semi-annual assessments	$2,332,835	$2,395,653	(3%)
Renewals	1,048,786	1,127,169	(7%)
New Registrants	330,500	307,965	(7%)
Education	228,912	244,914	(7%)
Investments	534,627	667,732	(20%)
Total	$4,475,660	$4,743,433	(6%)

Figure 15: Revenue by Source

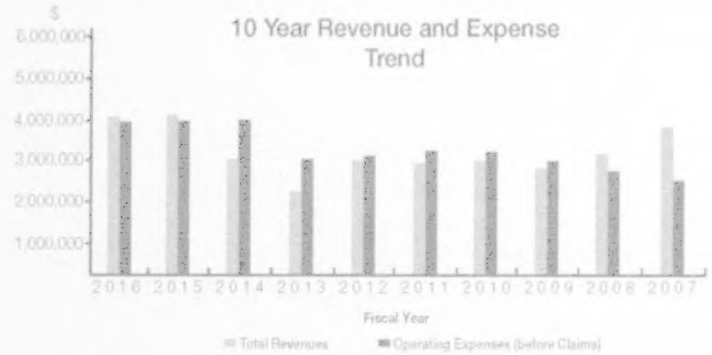


Figure 16: Ten Year Revenue and Expense Trend

In total, revenues tracked below budget expectations and were also lower than the prior fiscal year by $267,773 or 6%. There were no changes to TICO's fees during the fiscal year.

A ten year trend of revenues demonstrates a relatively constant range of annual revenue generation and the sensitivity to past fee changes. (Fig.16)

TICO's revenues are largely driven by the number of active retail and wholesale registrants in the province, level of Ontario gross sales, other income from exams and the investment portfolio largely underpinning the Compensation Fund. During this fiscal year, the decline of TICO registrants continued. Total registrants of 2,435 are lower from prior year by 2% and reflect a continued trend where new channels of distribution continue to grow and displace traditional agency models. While the number of new registrants this fiscal year was a positive indicator, driving an incremental $22,535 or 7%, the number of voluntary or expired registrations continued to exceed new entrants. This is evident in the continued decline of renewal revenue which fell short of budget and was lower than prior year by 7%.

During the year, TICO administered over 5,800 exams. While down from a record number a year before, this remains a key indicator of the market growth in other channels of distribution as outside sales representatives and home-based agents/agencies enter into the sales process. Since 2009, TICO has successfully administered close to 55,000 exams.

Investment income experienced the most significant decline, both in terms of budget and actual experience. A gradual increase in longer-term interest rates consistent with an economic recovery and by most economist projections did not occur. In total, investment income was lower than prior year by $133,105 or 20%. This represents the most significant loss of revenue for TICO from any source of revenue. At its peak (Fiscal Year 2007/2008), TICO generated $1.7 million of investment income. This timeframe also corresponded to a time when the rate for semi-annual assessments was at its lowest level ($0.05 per thousand of Ontario sales). Interest rates are now expected to continue at these historic lows through the end of 2017.

Expenses

Total expenses (including net claims) of $4,318,286 marginally higher compared to prior year expenditures of $4,301,716 by approximately 0.4%. Expense variations are described below:

Claims and Recoveries

Despite a marked increase in enforcement activity, the number of approved claims represents another very low claims year for the travel industry, well below budget but marginally higher than the prior year.

Total net claims for fiscal year 2015/2016 was $98,068 compared to net claims of $62,646 in 2014/2015. Gross claims resulting from the closure of registrants totaled $101,140 representing 94 passengers. A total of $813 was approved for Trip Completion claims.

Recoveries from prior year security deposits and repayments from registrants totaled $3,072. Further details on these recoveries can be found on page 27.

The percentage of net claims to revenues for fiscal year 2015/2016 was 2%, well below the 10 year cumulative average of 21% (Fig. 18). While the Compensation Fund is currently within the prescribed comfort range of the Board, a large failure would potentially deplete the Compensation Fund below this level.

Salaries and Benefits

Expenses of $1,731,548 were lower than prior year of $1,880,990 by $149,442 or 8%.

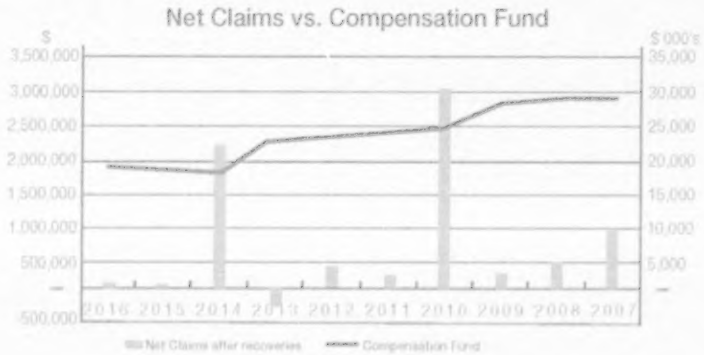


Fig. 17: Net Claims vs. Compensation Fund

Fig. 18: % Net Claims to Total Revenues

This expense is reflective of all salary adjustments, including normal market adjustments, and benefits for administrative staff throughout the year. Salaries & benefits expense for compliance staff (primarily inspectors and investigators) was $548,948, an increase of $22,903 or 4%. In total for all staff, salaries and benefits were lower than budget and achieved a reduction of $126,539 (5%) compared to prior year.

Timing differences associated with departures and new hires were the primary driver behind this positive variance. During the year however, TICO also changed its benefits provider generating positive further cost reduction for the company while maintaining a competitive benefits package for employees.

Consumer and Registrant Awareness

Total expense of $679,521 is approximately the same as prior year – an increase of $9,641 or approximately 1%. Expenses in this category include TICO's province wide consumer awareness campaign, the cost of TICO's quarterly newsletter, website and participation at consumer trade shows, roundtables and compliance webinars. During the year, TICO introduced a new consumer campaign using innovative emoticons to convey an important consumer protection message. This campaign helped TICO raise overall consumer awareness throughout the province.

Other Operating Expenses

Total other expense of $1,023,907 has increased by $47,790 or 5% over the prior year. Legal costs alone were higher by $51,351 related to registrants. The remaining operating expenses were consistent with budget expectations and planned increases from the prior year.

Board Meeting Expense

Total expenses of $236,294 have increased by $50,436 during fiscal year 2015/2016 over the prior year. This expense category is primarily tied to Board member remuneration for meetings but also includes the cost of TICO's Annual General Meeting, travel and meeting expenses and other associated costs. The number of directors was, on average, consistent with prior years. New this fiscal year was the introduction (including licensing and training costs) of a technology portal which will improve efficiency and help strengthen overall Board governance, while reducing other operating costs (e.g. paper and mailings).

Allocation of Revenues and Expenses

Included as part of the Financial Statements is a Schedule allocating Revenues and Expenses between the Compensation Fund and the TICO Asset for the year ended March 31, 2016.

TICO's operations are funded solely by registrants. TICO has two revenue streams namely contributions to the Fund and registration fees. TICO's net assets are made up of the Fund which are restricted monies and the TICO Asset which are the unrestricted monies.

Contributions to the Fund are attributed to the Fund while registration fees are attributed to the TICO Asset. Investment income is allocated to both the Fund and the TICO Asset on a proportional basis.

Operational expenses are allocated between the Fund and the TICO Asset while direct Fund expenses such as claims are allocated to the Fund. The allocation of operational expenses is based on estimates of how resources, including staff, are expended to manage the Fund and TICO's overall operations. For accounting purposes, in essence two distinct assets (the Fund and TICO Asset) are recognized, however TICO is one organization and expenses are allocated accordingly between the two assets.

Appendix I

Travel Industry Council of Ontario
Audited Financial Statements

TRAVEL INDUSTRY COUNCIL OF ONTARIO

FINANCIAL STATEMENTS
MARCH 31, 2016

INDEX	PAGE
Auditor's Report	1.1
Statement of Financial Position	1.2
Statement of Changes in Net Assets	1.3
Statement of Operations	1.4
Schedule to Statement of Operations	1.5 - 1.6
Statement of Cash Flows	1.7
Notes to the Financial Statements	1.8 - 1.10

McGovern, Hurley, Cunningham, LLP
Chartered Accountants

[redacted]

INDEPENDENT AUDITORS' REPORT

To the Registrants of the Travel Industry Council of Ontario

We have audited the accompanying financial statements of the Travel Industry Council of Ontario, which comprise the statement of financial position as at March 31, 2016 and the statement of changes in net assets, statement of operations, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Travel Industry Council of Ontario as at March 31, 2016 and its financial performance and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

McGOVERN, HURLEY, CUNNINGHAM, LLP

McGovern, Hurley, Cunningham, LLP

Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
May 31, 2016

UHY

TRAVEL INDUSTRY COUNCIL OF ONTARIO

STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31

	2016 $	2015 $
ASSETS		
CURRENT		
Cash	2,344,529	2,125,090
Investments - current	5,635,940	7,467,501
Prepaid expenses and deposits	122,851	79,287
TOTAL CURRENT ASSETS	8,103,320	9,671,878
INVESTMENTS	18,113,605	16,257,615
EQUIPMENT (Note 3)	159,422	166,895
TOTAL ASSETS	26,376,347	26,096,388
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	724,057	626,499
Deposits from registrants	3,178,818	3,142,450
TOTAL CURRENT LIABILITIES	3,902,875	3,768,949
LEASEHOLD INDUCEMENT	29,889	41,230
TOTAL LIABILITIES	3,932,764	3,810,174
NET ASSETS		
Restricted for the Ontario Travel Industry Compensation Fund	20,813,919	20,850,147
Invested in equipment	159,422	166,895
Unrestricted	1,470,242	1,269,167
TOTAL NET ASSETS	22,443,583	22,286,209
TOTAL LIABILITIES AND NET ASSETS	26,376,347	26,096,388

Commitments and contingencies (Note 6)

APPROVED ON BEHALF OF THE BOARD:

"Jean Hébert", Chair of the Board

"Ray DeNure", Chair of the Audit Committee

See accompanying notes to the financial statements.

TRAVEL INDUSTRY COUNCIL OF ONTARIO

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED MARCH 31

	Invested In Equipment $	Restricted For The Ontario Travel Industry Compensation Fund $	Unrestricted $	2016 Total $	2015 Total $
Balance, beginning of year	166,895	20,830,147	1,269,167	22,286,209	21,844,492
Excess of revenues over expenses (expenses over revenues)		(41,086)	198,460	157,374	441,717
Purchase of equipment	31,073	(20,197)	(10,876)	—	—
Amortization of equipment	(38,546)	25,055	13,491	—	—
Balance, end of year	159,422	20,813,919	1,470,242	22,443,583	22,286,209

See accompanying notes to the financial statements.

TRAVEL INDUSTRY COUNCIL OF ONTARIO

STATEMENT OF OPERATIONS
FOR THE YEARS ENDED MARCH 31

	2016 $	2015 $
REVENUE		
Semi-annual payments from registrants	2,332,835	2,395,653
Renewals	1,048,786	1,127,169
New registrants	330,500	307,965
Education standards fees	228,912	244,914
Investment income	534,627	667,732
Total revenue	4,475,660	4,743,433
EXPENSES		
Claims	101,140	179,821
Professional fees and services		7,024
Total claim and closure related costs	101,140	186,845
Recoveries	(3,072)	(124,199)
Net claim and closure related (recoveries) costs	98,068	62,646
Salaries and benefits	1,731,548	1,880,990
Consumer and registrant awareness	679,521	670,060
Inspections, compliance and investigation	548,948	526,045
Board meeting expense	236,294	185,858
Rent	213,995	185,864
General and office	211,961	275,848
Ontario Government oversight fees	198,707	195,373
Computer network and support	192,343	159,799
Professional fees	98,779	37,602
Insurance	34,770	44,308
Bank charges and merchant fees	26,690	14,080
Credit checks	8,116	8,047
Travel		13,196
Amortization	38,546	42,000
Total operating expenses	4,220,218	4,239,070
Total expenses	4,318,286	4,301,716
Excess of revenues over expenses (expenses over revenues)	157,374	441,717

See accompanying notes to the financial statements.

TRAVEL INDUSTRY COUNCIL OF ONTARIO

SCHEDULE TO STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2016

	TOTAL $	COMPENSATION FUND $	TICO $
REVENUE			
Semi-annual payments from registrants	2,332,835	2,332,835	—
Renewals	1,048,786	—	1,048,786
New registrants	330,500	—	330,500
Education standard fees	228,912	148,793	80,119
Investment income	534,627	510,627	24,000
Total revenue	4,475,660	2,992,255	1,483,405
EXPENSES			
Claims	101,140	101,140	—
Total claim and closure related costs	101,140	101,140	—
Recoveries	(3,072)	(3,072)	—
Net claim and closure related costs	98,068	98,068	—
Salaries and benefits	1,731,548	1,125,505	606,043
Consumer and registrant awareness	679,521	441,688	237,833
Inspections, compliance and investigation	548,948	548,948	—
Board meeting expense	236,294	153,591	82,703
Rent	213,995	139,097	74,898
General and office	211,961	137,775	74,186
Ontario Government oversight fees	198,707	129,160	69,547
Computer network and support	192,343	125,023	67,320
Professional fees	98,779	64,206	34,573
Insurance	34,770	22,601	12,169
Bank charges and merchant fees	26,690	17,349	9,341
Credit checks	8,116	5,275	2,841
Amortization	38,546	25,055	13,491
Total operating expenses	4,220,218	2,935,273	1,284,945
Total expenses	4,318,286	3,033,341	1,284,945
Excess of revenues over expenses	157,374	(41,086)	198,460

See accompanying notes to the financial statements

TRAVEL INDUSTRY COUNCIL OF ONTARIO

SCHEDULE TO STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2015

	TOTAL $	COMPENSATION FUND $	TICO $
REVENUE			
Semi-annual payments from registrants	2,395,653	2,395,653	—
Renewals	1,127,169	—	1,127,169
New registrants	307,965	—	307,965
Education standard fees	244,914	159,194	85,720
Investment income	667,732	643,732	24,000
Total revenue	4,743,433	3,198,579	1,544,854
EXPENSES			
Claims	179,821	179,821	—
Professional fees and services	7,024	7,024	—
Total claim and closure related costs	186,845	186,845	—
Recoveries	(124,199)	(124,199)	—
Net claim and closure related costs	62,646	62,646	—
Salaries and benefits	1,880,990	1,222,643	658,347
Consumer and registrant awareness	670,060	435,539	234,521
Inspections, compliance and investigation	526,045	526,045	—
General and office	275,848	179,301	96,547
Ontario Government oversight fees	195,373	126,992	68,381
Rent	185,864	120,812	65,052
Board meeting expense	185,858	120,808	65,050
Computer network and support	159,799	103,869	55,930
Insurance	44,308	28,800	15,508
Professional fees	37,602	24,441	13,161
Bank charges and merchant fees	14,080	9,152	4,928
Travel	13,196	8,577	4,619
Credit checks	8,047	5,231	2,816
Amortization	42,000	27,300	14,700
Total operating expenses	4,239,070	2,939,510	1,299,560
Total expenses	4,301,716	3,002,156	1,299,560
Excess of revenues over expenses	441,717	196,423	245,294

See accompanying notes to the financial statements.

TRAVEL INDUSTRY COUNCIL OF ONTARIO

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2016

	2016 $	2015 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenses (expenses over revenues)	157,374	441,717
Adjustments for:		
Amortization	38,546	42,000
Unrealized gains on investments	(611,648)	(624,375)
	(415,728)	(140,658)
Net changes in non-cash working capital balances:		
Prepaid expenses and deposits	(43,564)	(10,326)
Accounts payable and accrued liabilities	97,558	(51,841)
Deposits from registrants	36,368	164,802
Leasehold inducement	(11,341)	(22,680)
	79,021	79,955
Cash flows from operating activities	(336,707)	(60,703)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(7,470,406)	(5,534,000)
Redemption of investments	8,057,625	3,520,387
Restricted cash		287,963
Purchase of equipment	(31,073)	(34,957)
Cash flows from investing activities	556,146	(1,760,607)
Change in cash	219,439	(1,821,310)
Cash, beginning of year	2,125,090	3,946,400
Cash, end of year	2,344,529	2,125,090

See accompanying notes to the financial statements.

1. NATURE OF OPERATIONS

The Travel Industry Council of Ontario ("TICO") was incorporated on April 7, 1997 as a not-for-profit corporation without share capital, under the laws of Ontario. TICO is designated by the Lieutenant Governor in Council, as the Administrative Authority responsible for administration of the Ontario *Travel Industry Act, 2002* (the "Act"). TICO's responsibilities are to carry out delegation of the Act in accordance with the Administrative Agreement (Note 7(a)) and to achieve the Government of Ontario's goal of maintaining a fair, safe and informed marketplace.

The Ontario Travel Industry Compensation Fund (the "Fund") is a fund established under the Ontario *Travel Industry Act, 2002* and Ontario Regulation 26/05 to reimburse consumers for travel services when they have been paid to an Ontario registrant, the travel services have not been provided and the registrant is unable to refund their money by reason of bankruptcy or insolvency. The Fund also pays for certain repatriation related expenses. Under certain conditions, the Fund also pays claims resulting from the failure of cruiselines and airlines (end suppliers) to provide travel services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Outlined below are those accounting policies considered particularly significant.

Equipment and Amortization:

Equipment is stated at acquisition cost less accumulated amortization.
Amortization is provided as follows:

Furniture and equipment	20% diminishing balance
Computer hardware	3 years straight-line
Computer software	2 years straight-line
Database	5 years straight-line
Vehicle	30% diminishing balance

Leasehold improvements are amortized on a straight-line basis over the remaining term of the lease, which expires November 30, 2018.

Revenue Recognition:

The deferral method of accounting for contributions is followed. The application of this method of accounting results in revenue in the form of semi-annual Fund assessments from registrants, as well as renewals and application fees from new registrants, being recorded when received. Interest income is recorded on an accrual basis. At year-end, an adjustment is made to Fund assessments received to reflect these amounts in the fiscal year in which they are due.

Claims:

Claims are recorded at the time of approval by the Board of Directors. Standard claims must be made within six months after the registrant, or end supplier becomes bankrupt, insolvent or ceases to carry on business. Trip completion claims must be made within three months after the registrant failure.

Recoveries:

Amounts recoverable to offset claims paid, including commissions recoverable from registrants, are recorded when received.

Director Directed Trip Completion Costs:

Payments for trip completion under Section 69 of the Regulation are authorized solely by the Director under the Act and are recorded when paid.

Lease Inducement:

Lease inducement is amortized on a straight-line basis over the remaining term of the lease, which expires November 30, 2018.

Use of Estimates:

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and net assets and disclosure of contingent liabilities at the date of the financial statements and the reported amount and allocation of revenues and expenses during the reporting period. Actual results could differ from those reported.

Allocation of revenues and expenses

TICO's operations are funded solely by Registrants. TICO has two revenue streams namely contributions to the Compensation Fund ("Fund") and Registration fees. TICO's net assets are made up of the Fund which are restricted monies and the TICO Asset which are the unrestricted monies.

Contributions to the Fund are attributed to the Fund while Registration Fees are attributed to the TICO Asset. Investment income is allocated to both the Fund and the TICO Asset on a proportional basis.

Operational expenses are allocated between the Fund and the TICO Asset while direct Fund expenses such as claims are allocated to the Fund. The allocation of operational expenses is based on management estimates of how resources, including staff, are expended to manage the Fund and TICO's overall operations. These estimates are reviewed and updated periodically as determined by management. Effective April 1, 2012, operational expenses have been allocated 65% to the Fund and 35% to TICO.

Investments:

Investments consist of guaranteed investment certificates and fixed income notes bearing interest at rates ranging from 1.40% to 4.30% (2015 - 1.20% to 4.32%) and with maturity dates ranging from one month to eight years from March 31, 2016 (2015 - three months to nine years from March 31, 2015). Investments are carried at market value.

Financial Instruments:

TICO initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions, of which there were none during the fiscal year. TICO subsequently measures its financial assets as follows:

- Cash and restricted cash are measured at amortized cost.
- Investments that are quoted in an active market are measured at fair value.

All of TICO's financial liabilities, comprised of accounts payable and accrued liabilities and deposits from registrants, are measured at amortized cost.

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in operations. A previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal in recognized in operations. For the fiscal years ending March 31, 2016 and 2015, there were no impairment losses.

3. EQUIPMENT

	Cost	Accumulated Amortization	2016 Net	2015 Net
	$	$	$	$
Furniture & equipment	253,308	214,198	39,110	48,886
Computer hardware	103,906	100,538	3,368	6,873
Computer software	32,258	31,968	290	878
Database	244,416	244,416	—	—
Leasehold improvements	238,067	137,645	100,422	87,080
Vehicle	35,475	19,243	16,232	23,178
	907,430	748,008	159,422	166,895

4. RESTRICTED NET ASSETS

Article 2.01 of By-law one of TICO requires that all monies held shall be used in promoting its objects. Section 52 of Ontario Regulation 26/05 enacted under the Act requires that all money in the Fund and any income on such money shall be held by TICO in trust for the benefit of claimants whose claims for compensation are approved by TICO in accordance with the Regulation. Section 73 of Ontario Regulation 26/05 provides that remuneration of advisors may be paid from the Fund.

Ontario Regulation 26/05 made under the Act restricts the maximum amount that may be reimbursed for a failure to provide travel services with respect to all claims arising out of an event or major event to $5,000,000, plus an additional $2,000,000 for trip completion costs. The Fund pays a maximum claim of $5,000 per person.

5. INCOME TAXES

As a not-for-profit corporation, TICO is not subject to income taxes, in accordance with Section 149(1)(l) of the Income Tax Act.

6. COMMITMENTS AND CONTINGENCIES

(a) Under terms of an Administrative Agreement entered into during January 2013 between TICO and the Ministry of Government and Consumer Services (the "MGCS"), TICO is obligated to pay a maximum annual fee for 2016, based on cost recovery to the Province of Ontario, totaling $198,707.

The MGCS may increase this annual payment above the maximum amount in any given year in accordance with the terms of the Administrative Agreement. For 2016 and subsequent fiscal years, MGCS shall determine the payment for each year and will notify TICO at least 18 months in advance of the payment being due.

(b) TICO is committed to minimum rental amounts under a long-term lease for its premises which will expire November 30, 2018. Minimum rental commitments remaining under this lease approximate $272,000. Minimum rental commitments for successive years approximate the following:

2017	102,000
2018	102,000
2019	68,000
	$ 272,000

(c) TICO, the former Registrar of TICO and the former Statutory Director of TICO were sued by Sunrise International Travels Inc. in 2010. The legal proceedings related to the cancellation of Sunrise's registration as a travel agent and wholesaler. Master Pope of the Ontario Superior Court of Justice granted an Order dismissing the Action, with costs, on February 3, 2016.

7. FINANCIAL INSTRUMENTS

Risks and Concentrations:

TICO is exposed to various risks through its financial instruments. The following analysis provides a measure of the TICO's risk exposure and concentrations at March 31, 2016.

Market Risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. TICO is mainly exposed to interest rate risk.

Interest Rate Risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. TICO does not hedge its exposure to interest rate risk.

Fair Value:

Canadian generally accepted accounting principles require that TICO disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the date of the statement of financial position, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying amount for cash and accounts payable and accrued liabilities on the statement of financial position approximate fair value because of the limited term of these instruments..

8. CAPITAL DISCLOSURES

TICO's capital is comprised of its net assets. TICO's objective in managing its capital is to remain a sustainable operation while fulfilling its overall mandate (Note 1). TICO achieves this objective by day-to-day management of its cash flows, and by regularly monitoring revenues and expenditures against its operating budget.

Section 72(2) of Ontario Regulation 26/05 provides that TICO may, from time to time, invest any money of the Fund that is surplus to its immediate requirements in property in which a trustee is authorized to invest, in accordance with the *Trustee Act*.

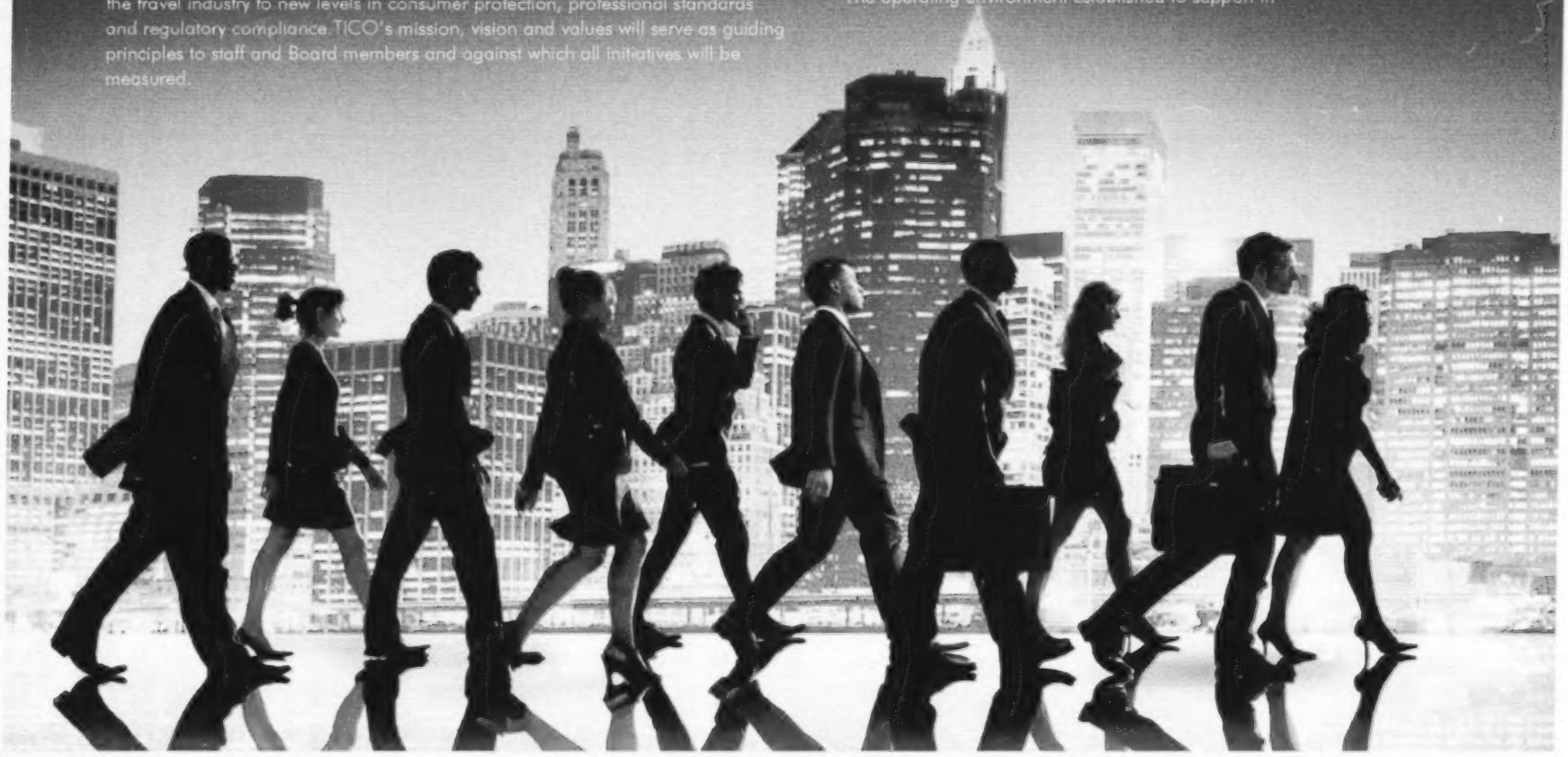
Business Plan

April 1, 2016 – March 31, 2019

In assuming the delegation from the Ontario Government for administering the *Travel Industry Act, 2002*, which governs approximately 2,435 travel retailers and wholesalers registered in Ontario, TICO established an initial agenda not just to administer its delegated responsibilities in the public interest, but also to elevate the travel industry to new levels in consumer protection, professional standards and regulatory compliance. TICO's mission, vision and values will serve as guiding principles to staff and Board members and against which all initiatives will be measured.

The 19th year Business Plan which follows, outlines:

- The specific objectives, actions and performance measures for accomplishing the mandate in an ongoing three-year planning period.
- The operating environment established to support it.



Environment

Looking back this past year, it is impossible to ignore the turmoil the world has experienced since the tragedies in Paris and more recently Brussels. These events, along with the shocking decline in oil prices, typify the volatility experienced by the world's economies. The year 2015 however was clearly the year of the consumer. Spending on homes, cars, travel and other big ticket items continued despite the unrelenting drop in business investment and global turmoil. This was true both in Canada and the United States as low interest rates and low fuel prices created the stimulus badly needed to offset other unfavorable trends. The unprecedented drop in oil and gas prices throughout 2015 drove an equally astounding pullback in Canada's energy patch. Estimates are that investment by Canadian oil companies fell by 40% driving job losses, economic contraction for Alberta and lost revenues for all levels of government. The result, Canada's economy grew by a marginal 1.2%, less than half the rate of growth in the prior year. It stands to be seen the impact on Canadian travel aspirations, and the economy as a whole, with Canada's current federal deficit and the prospects for significant recurring deficit spending over the next few years. Looking beyond North America, the picture was also similar. The global economy grew by 3.1%, the slowest pace in six years. Much has been said about China's slowing growth which, in 2015, grew by 6.9%, the slowest pace in decades. Along with China, emerging markets as a whole grew much less than anticipated suggesting that years of hyper-investment are returning to levels now considered the "new-normal". On the bright side, global growth of approximately 2.5% is expected for 2016.

The World Travel & Tourism Council's estimated that travel & tourism outpaced global growth in 2015, with all markets growing by 3.5%. This outperformance is expected to continue in 2016 with world travel and tourism growth estimated again at 3.6%. Improving consumer confidence, low interest rates and advancements in innovation and technology will continue to fuel consumer's insatiable desire to travel. In fact, the same council estimates over the next 10 years that growth of travel and tourism will average 3.7% and continue to outpace the global economy as the world continues to shrink in size from an accessibility perspective.

Closer to home, the impact of a weaker Canadian dollar compared to the US dollar, financial market volatility and uncertain government monetary/fiscal policy have all contributed to a general malaise in consumer confidence. The national index of Consumer Confidence stood at 83.7 (2004 = 100) in February 2016, historically very low. Despite the first gain in three months, confidence remains subdued as consumer's concerns over future prospects and continued volatility remains high. Reports of Zika virus, combined with a generally warmer winter, are driving lower demand in regions where Canadians often seek winter refuge. Overall, from a demand perspective, 2016 is projected to be weaker for outbound travel and likely stronger for travel within, and across Canada.

For TICO travel agencies and tour operators, this is indeed a very challenging environment. Even though the International Air Transport Association (IATA) predicts strong demand for air passenger growth in 2016 (+6.9%), evolving industry business models are driving profitability down significantly for traditional agency models. Margin pressures for most registrants' continue to be the single largest business challenge faced by TICO's registrants. New distribution channels, including independent sales agents, home-based agencies and online agencies are becoming quickly becoming a dominant factor in the marketplace. Consumer preferences continue to evolve, in part driven by demographics, increased demands on time, but also significantly by emerging technology. More-and-more, consumers' tolerance for risk is changing, often accepting more risk, the result of greater choice and new advancement in technologies. While competition is generally good for the consumer, there are increasingly new risks that consumers also need to be aware.

One such risk is the accelerated growth of fraud, particularly related to the misuse of credit cards. Travel scams are increasing in all respects (frequency, sophistication, targets etc.) and are not limited only to large volume operators. Frauds perpetrated against registrants, airlines and TICO are now common, and are a risk to all consumers – not only the more vulnerable consumers as was the past. It is imperative that TICO and registrants work together, along with the industry and law enforcement to adopt proactive responses to this growing trend.

It is often said that the world is a smaller place, and both TICO and its registrants are experiencing the changes in consumer expectations as Millennials dominate the workplace and Baby-Boomers exit into retirement. The continued advancement of the internet and mobile platforms as well as new eco/social, adventure and custom travel experiences are all fuelling an unprecedented change to traditional agency models. Many of TICO's registrants have demonstrated resilience and innovation while others have been subject to consolidation and/or exit from the industry.

With these changes, TICO's mandate to ensure an environment where consumer protection is strong remains paramount. However, it also recognizes the importance of a vibrant marketplace, one where continued growth and investment is equally desirable. TICO's regulatory framework must embrace accountability and transparency while providing a fairness and balance between consumers and the business environment. Regulatory change is underway with new harmonized pricing disclosures and other risk-based compliance approaches recently announced. TICO remains committed to evolving its own business model, ensuring changes to fees, revenue-drivers and expense management always remain at the forefront and are linked to its broader Vision and goals and recognize evolving industry needs. These changes are expected to continue as TICO works collaboratively with the Ontario government, along with industry to continue efforts to modernize the regulatory model.

Despite some of the challenges noted, Ontarians have access to world-class agencies and tour operators and an industry that supports a consumer protection model, in a unique partnership with government, to ensure that all consumers have confidence in their travel purchases.

Travel Industry Council of Ontario (TICO) 3 Year Business Plan - FY 2016/2017 to FY 2018/2019

This Business Plan contains forward-looking information that reflects management's current expectations related to matters such as strategic goals and priorities, projected future financial performance and operating results of the Company. Forward looking statements are provided for the purposes of providing information about Management's current expectations and plans and allowing stakeholders and others to get a better understanding of the Company's financial position, projections and operating environment. Readers are cautioned that such information may not be appropriate for other circumstances. By their very nature, forward looking statements require Management to make assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that the Company's assumptions, estimates, analyses, beliefs and opinions may not be correct and that the Company's expectations and plans will not be achieved.

TICO's three year Business Plan applies a systematic approach to delivering its mandate from the Ministry of Government and Consumer Services ("Ministry"). This approach is illustrated in the model below and forms the basis of this Business Plan. TICO's Vision/Mandate has been addressed on pages 3 and 4 of the Annual Report.

Our Commitment:

Consistent with TICO's mandate and vision, strong consumer awareness and protection for the Ontario traveller is TICO's ultimate goal. Consumer awareness, protection and tourism are important foundations for Ontario's economy, and it is therefore vital a comprehensive consumer protection framework is aligned with sound business practice across the province. While the Ontario traveller is the end consumer, TICO's Business Plan must be achieved through engaging in strong partnerships with industry ("registrants"), industry associations and the Ontario government.

This Business Plan framework is squarely aimed at addressing the key risks facing TICO in the achievement of its mandate. This framework must benefit all stakeholders, but in particular, it needs to consider the vulnerable, indebted and less informed travellers who may be at greater risk due to fraud and other circumstances beyond their control. Indeed, this focus on consumer protection is a key deliverable of the Ontario Premier's vision as described in Premier Wynne's Mandate Letter to the Honorable Minister Orazietti. Of course, it is also a requirement that a consumer protection framework be fiscally prudent and delivered in a manner that is supportive of current and emerging business models. TICO is committed to all these goals, and in evolving its own business model to meet both current demands and emerging future challenges. This Business Plan is a fiscally prudent model that delivers a balanced budget through a combination of productivity enhancements, investments in people, process and systems with minimal increases in fees, and other industry burdens, over the next three years. Our Business Plan is best illustrated in the model shown below.

Each strategy below provides a summary of four over-arching strategic priorities over the next three years. Within each priority, a number of specific initiatives have been identified. Year 1 strategic initiatives are the basis for TICO's annual Budget which is approved separately by TICO's Board of Directors. Years 2 and 3 reflect initiatives where the bulk of the investment and effort is concentrated, but which also may commence during the first year of this plan through pilot(s), planning document(s) and/or other exploratory activity. With some initiatives, the business risk may already be present and activity underway, but may also be subject to increasing threats, emerging new delivery models, technology changes or alternative solutions which are captured beyond the initial year of this business plan.

TICO's Strategic Planning Model

Strategic Priorities for 2016/2017

Strategy 1:

Consumer Protection:

Goal: To regulate and enforce the legislation by which the Ontario travelling public can be confident in their travel purchases, including working collaboratively with stakeholders for regulatory enhancement.

The core of TICO's existence is to administer and enforce the consumer protection legislation that regulates the sale of travel services in the Province of Ontario. TICO does this by supporting its vision and values, which includes being fair, but firm in its conduct with registrants and consumers as Ontario's Travel Regulator. TICO will continue to work collaboratively with the Ontario Government to support legislative change to meet the challenges of providing effective consumer protection in a rapidly changing marketplace.

TICO will also continue to develop and improve its processes and procedures around enforcement of the legislation, which includes financial inspections and compliance activities to ensure it protects the interests of the travelling public. This includes having effective mechanisms in place for registrants, individuals or companies that choose to contravene the consumer protection laws in Ontario. An effective fee framework and policy can also serve as a means to drive compliance. This is vital to ensure a level playing field in the industry as well as maintaining and building consumer confidence.

TICO's strategic priorities in this area will include:

	Initiative	Description	Target
Year 1	Develop and Advance Legislative and Regulatory Reform.	In collaboration with the Ministry and in consultation with stakeholders identify and address all gaps and opportunities in the Act and the Regulation for the purpose of modernizing the consumer protection legislation.	Update and modernize legislation taking into consideration changes to business models and stakeholder feedback.
	Initiative	Description	Target
Years 2-3	Continue the Advancement of Legislative and Regulatory Reform.	Continue to work in collaboration with the Ministry and in consultation with stakeholders to identify and address all gaps and opportunities in the Act and the Regulation for the purpose of modernizing the consumer protection legislation.	Completion and implementation of a comprehensive review of the Ontario *Travel Industry Act, 2002* and Ontario Regulation 26/05.
	Develop and Design an Innovative Business Model Framework.	In collaboration with the Ministry and in consultation with stakeholders, develop an innovative business model that considers revamped operational priorities, funding requirements and service commitments to increase the effectiveness of TICO as a Regulator.	Complete a framework document outlining the new business model.
	Explore and Identify Gaps in Consumer Protection.	Conduct a gap needs analysis of the current consumer protection in Ontario, other regulated provinces and jurisdictions as well as at the federal level for the purpose of engaging with other jurisdictions for an enhanced consumer protection mandate.	Creation of an Memorandum of Understanding describing broad based national consumer protection principles.
	Explore the Creation of National Standards in the Travel Industry.	Prepare feasibility study ("White Paper") for the creation of a National Standards program for consumer protection in the travel industry.	Prepare and issue a white paper reflecting consultation with key stakeholders, including federal government.

Strategy 2:

Awareness and Education:

Goal: Consumers and registrants are aware of TICO and understand the benefits of purchasing travel services through a registered travel agency or travel wholesaler.

Consumers who purchase travel services in Ontario should be aware that the travel industry in Ontario is regulated and that there is consumer protection in place to protect their travel purchases. Each year, TICO strives to increase consumer awareness to ensure that more and more consumers are aware of the existence of TICO and the benefits of purchasing their travel services whether in person or online from registered Ontario travel agencies. The initiatives below support TICO's Mission Statement to "Promote a fair and informed marketplace where consumers can be confident in their travel purchases." TICO achieves this initiative by planning and executing a comprehensive consumer awareness campaign strategy that involves various forms of communications including traditional forms of media (radio and television), social media, speaking engagements as well as attending consumer trade shows to speak with consumers and distribute informational materials.

TICO also administers and enforces an Education Standards Program, which requires every travel agent selling travel services on behalf of a registered Ontario travel agency to be knowledgeable of legislated requirements that regulate the sale of travel services in Ontario. It is imperative that the knowledge and professionalism of Ontario travel agents continues to be enhanced with ongoing education to support compliance and improved consumer protection. This initiative also includes activities to promote registrant engagement in TICO's consumer awareness campaign as well as fostering relationships not only to achieve a better understanding but also to understand the challenges faced in the marketplace. Together, TICO along with its stakeholders can build a stronger industry where consumer confidence and protection is recognized as being paramount.

TICO's strategic priorities in this area will include:

	Initiative	Description	Target
Year 1	Continue to Enhance Consumer Awareness in Ontario.	Continue to enhance a series of comprehensive activities aimed at increasing consumer awareness of TICO's role and the consumer protection in Ontario.	Improve and enhance overall TICO awareness and understanding over prior year by expanding alternative distribution channels and media.
	Enhance Current Education Standards Program.	Update education standards programme modules to accommodate recent Regulatory Reform to Ontario Regulation 26/05 to ensure knowledge and compliance of the new requirements.	Update TICO's Education Standards Study Manual and exams to include new regulatory changes to Ontario Regulation 26/05.
	Drive Registrant Engagement and Improve TICO's Value Proposition to Registrants.	Through continuous and meaningful engagement and communications with registrants, identify key drivers of TICO's value proposition and initiatives to improve.	Conduct a Registrant Value Survey to obtain feedback on TICO services and develop an action plan to improve TICO's value proposition.
	Initiative	Description	Target
Years 2-3	Continue to Build on Initiatives to Increase Consumer Awareness.	Continue to seek and incorporate new and inventive ways into TICO's Consumer Awareness Campaign strategy to boost consumer awareness of TICO's role and the consumer protection available in Ontario.	Increase the overall awareness and understanding over the prior year by executing the strategic initiatives set for the TICO's Consumer Awareness Campaign.
	Enhance Current Education Standards Program.	Identify areas and opportunities to enhance the current Education Standards Program by reviewing the current process, requirements and curriculum. Develop updated and informative education modules regarding the Act and Regulation aimed at ensuring compliance and professional credibility.	Update TICO's Education Standards Study Manual and exams and introduce enhancements to the overall curriculum and program.
	Implement Action Plan to Improve TICO's Value Proposition to Registrants.	Execute and accomplish the initiatives set out in the Action Plan developed to improve TICO's overall value proposition with Registrants.	Complete initiatives in Action Plan to allow a follow-up Registrant Value Survey to be conducted to measure the overall success in increasing TICO's value proposition.

Strategy 3:

Organizational Effectiveness:

Goal: TICO embraces a spirit of continuous improvement and innovation in the systems and processes in executing its mandate and in the ongoing investment and professional development of its people.

At the heart of TICO and its operations is a dedicated group of individuals that are committed to providing service excellence by taking pride in their work to efficiently meet the needs of TICO's stakeholders. Through a strategic approach to further develop employee engagement, team building as well as professional development, TICO will continue to foster a workplace environment that is motivational and productive to support its operational effectiveness and support a sustainable workforce. Change is inevitable in today's environment, and therefore, TICO will continue to embrace change management as part of its evolving culture.

TICO's strategic priorities will include initiatives that will improve TICO's internal operating systems and processes to optimize the organization's efficiency and effectiveness as well as its quality of services. With the evolving needs and expectations of stakeholders, TICO will invest in technology to meet the increasing demands to deliver its services in a more effective and innovative manner.

TICO's strategic priorities in this area will include:

	Initiative	Description	Target
Year 1	Develop Future Vision and Plan for TICO's IT Systems and Infrastructure.	Develop a plan and road map for TICO's overall IT systems and infrastructure.	Prepare a Report that summarizes TICO's current IT state and present a future desired state for TICO.
	Optimize System Integration including Implementation of e-Commerce capability.	Enhance the integration of back-office systems and management information systems and implement e-commerce services capability for registrants and other stakeholders.	Enhance business intelligence capabilities and develop a plan and commenced phased-in approach to TICO's e-commerce capability.
	Enhance Leadership Competencies.	Develop a professional development program whereby employees can achieve career plans and enhance their contribution to TICO's mandate.	Develop and execute individual professional development plans linked to career objectives.
	Driving Employee Engagement.	Embrace high performing organization by expediting solutions aimed at achieving a highly engaged workforce.	Targeting specific engagement attributes, begin implementation of employee team recommendations.
	Continue Collaboration with Other Delegated Administrative Authorities to Identify Opportunities to Enhance Efficiencies to Work More Effectively.	Continue to work in partnership with other Delegated Administrative Authorities in various collaboration committees to identify and implement opportunities to enhance operational efficiencies.	Initiate recommendations set out by the various Collaboration Committees to increase operational efficiencies at TICO.
	Initiative	**Description**	**Target**
Years 2-3	Continue System Integration and Enhancements to Ensure Optimal Performance.	Continue implementation of enhancements to TICO systems to ensure online services including e-commerce capability for registrants and other stakeholders is seamless.	Successful launch and implementation of new enhanced systems including online services for stakeholders.
	Leverage Enterprise Content Management (ECM) systems.	Commence a pilot project and development of a framework with the long term goal of streamlining processes and reducing the creation and exchange of documents between registrants and within TICO.	Development of Framework to introduce and implement ECM to TICO systems and processes completed.
	Develop and Plan for a Future Desired State for TICO 2020.	Commence planning and development of a future desired state for TICO which is committed to a longer term vision for all stakeholders: Consumers, TICO Registrants, Ontario Government and TICO Employees.	Planning of framework and development of action plan underway for Future Desired State of TICO.

Strategy 4:

Corporate Social Responsibility:

TICO is committed to achieving its Vision/Mandate and is confident with the strategic priorities described in its Business Plan. Complementing these strategies is a new, innovative focus on corporate social responsibility (CSR). Within TICO's environment, CSR is viewed as the organization's broader involvement in the communities it aims to protect. As a small organization, TICO must consider innovative methods, leverage partnerships and build sustainable relationships to make a footprint in these communities. While CSR has been around for many years, it has not been woven into the strategic plans of many non-for-profit organizations. TICO believes that its mandate of consumer protection will be facilitated through an effective CSR strategy, deploying the talents and passions of all TICO employees, and over time leveraging like-minded stakeholders.

TICO's strategic priorities in this area will include:

	Initiative	Description	Target
Year 1	Refine Corporate Social Responsibility (CSR) Policies.	Continue to enhance and build an effective CSR strategy and develop a CSR policy for TICO employee volunteerism including an annual TICO CSR Report to stakeholders.	Expand on CSR strategy and initiatives and develop and introduce CSR policies and reporting.
	Engage and Build a Relationship with a Long Term CSR Partner.	Review the merits of potential CSR partners with the aim to establishing a rewarding relationship with an appropriate CSR partner that compliments TICO's overall CSR strategy.	Engage and expand relationship with long term CSR partner.
	Incorporate CSR into TICO Operations and Initiatives.	Examine how CSR can be integrated into TICO's stakeholder outreach initiatives and TICO's core processes, including the introduction of Environmental, Social and Governance (ESG) responsible investing.	Develop a plan to incorporate the inclusion of stakeholders in TICO's CSR initiatives and develop a policy with responsible criteria around ESG investments.
	Initiative	Description	Target
Years 2-3	Through Promotion and Awareness Promote Stakeholder Engagement and Participation in TICO's Broader CSR Initiatives and Activities.	Develop and design an innovative strategic plan to promote the awareness and participation of stakeholders in TICO's CSR initiatives and activities.	Development of CSR awareness and engagement plan completed.
	Enhance CSR Reporting of TICO Activities and Good Business Practice.	Produce an annual TICO CSR Report to stakeholders which includes TICO's CSR activities, accomplishments and outcomes each year.	TICO CSR Report completed and included in TICO's Annual Report and Business Plan and available on TICO's website.

BALANCED SCORECARD:

TICO will deploy this balanced scorecard throughout its fiscal year to monitor and gauge ongoing efforts and achievement of its strategic objectives. This balanced scorecard will be shared regularly with stakeholders to ensure transparency and accountability consistent with the Business Plan.

Objective	Performance Measure	FY 2016/2017 TARGET	Prior Fiscal Year
CONSUMER PROTECTION / AWARENESS AND EDUCATION			
Stakeholders			
1) Enhance Consumer Awareness.	% of surveyed consumers aware of TICO.	Achieve an increase % of consumers surveyed indicating an awareness of TICO up to 35%. Conduct a customer value survey.	33% of consumers surveyed indicated awareness of TICO compared to 32% in the previous year. New for FY 2016/2017.
2) Enhance Registrant Awareness and Engagement.	Registrant outreach via roundtable meetings.	12 industry roundtables sessions throughout the province of Ontario. Conduct a registrant value survey.	TICO conducted 10 roundtable sessions during 2015/2016. New for FY 2016/2017.
3) Enhanced Consumer Protection.	For claims received during the year, 70% are processed within 120 days of receipt.	Identify the percentage of claims received and approved during the year that are processed within 120 days of receipt. Identify the number of consumers assisted during the year.	Of the claims received between April 1, 2015 and March 31, 2016, 36% were processed within 120 days and 64% of claims relating to three failures were processed outside of 120 days as the circumstances surrounding the failures required further investigation. A total of 94 consumers were assisted with reimbursements from Ontario's Travel Compensation Fund.
4) Enhance Government Collaboration and Relations.	% of targeted Liaison meetings achieved.	4 Ministry Liaison meetings held during year. Contribute/participate in government initiatives.	Attended 4 Ministry Liaison meetings during the fiscal year. TICO participated in and contributed information to the Ministry's Delegated Administrative Authorities Efficiency Study. Participated on various DAA Collaboration Committees and Councils. TICO participated in the Ministry's Consultation for reform to Ontario Regulation 26/05 and the proposed *Delegated Administrative Authorities Act*.

BALANCED SCORECARD:

Objective	Performance Measure	FY 2016/2017 TARGET	Prior Fiscal Year
ORGANIZATIONAL EFFECTIVENESS			
People (Employees)			
1) Drive Employee Engagement.	Establish baseline score (%).	Develop recommendations for areas identified for improvement.	TICO Employee Engagement Survey resulted in a score of 81% 2015/2016.
2) Invest in Training & Development.	Average number of professional days achieved per employee.	Employee individual development plans implemented.	An average of 5 days of professional development was achieved across all employees for 2015/2016.
Systems / Work Processes			
1) Update Education Standards Program.	Update Education Standards Programme to reflect regulatory changes made to Ontario Regulation 26/05.	Complete changes to Study Manual curriculum and exams to include regulatory changes.	New for FY 2016/2017.
2) Commence Plan for e-commerce Capability.	Develop a plan to introduce e-commerce capability to TICO services for registrants and other stakeholders.	Commence a phased-in approach to introduce e-commerce by March 31, 2017.	New for FY 2016/2017.
3) Develop Future Vision and Plan for TICO's IT Systems and Infrastructure.	Develop a plan and road map for TICO's overall IT systems and infrastructure.	Deliver Plan that summarizes current IT state and a future desired state.	New for FY 2016/2017.
Finance			
1) Ensure Adequate Funding for Operational and Enforcement Responsibilities.	% budgeted revenue growth (year-over-year).	5% budgeted growth.	Revenue reduction 6%.
2) Drive Operating Efficiency.	% revenue growth less % expense growth.	Negative leverage (1%) over three year Business Plan projections.	Operating expenses flat compared to prior year.
3) Achieve Compensation Fund Requirements.	Balance > $20 million.	Budget for March 31, 2017 $20.4 million.	Actual Compensation Fund balance as at March 31, 2016 $20.8 million.

BALANCED SCORECARD:

Objective	Performance Measure	FY 2016/2017 TARGET	Prior Fiscal Year
CORPORATE SOCIAL RESPONSIBILITY			
Community			
1) Engage and Foster Relationship with Long Term Corporate Social Responsibility (CSR) Partner.	Develop and initiate CSR program that compliments TICO's overall CSR strategy.	CSR Strategy and initiatives established and underway with long term CSR partner.	CSR Strategy developed and approved by the Governance and Human Resources Committee of the Board of Directors. Initiated CSR initiatives and activities. See CSR Report on page 35.
2) Incorporate Environmental, Social and Governance (ESG) Investing Principles into TICO's Investment Policy.	Earmark and invest some funds taking in accordance ESG investment principles and criteria in TICO's current Investment Policy.	Establish investments in accordance with revised Investment Policy.	New for FY 2016/2017.

TICO 2020 ("Desired State")

Beyond this multi-year Business Plan, TICO is committed to a longer term vision consistent with its Mandate/Vision. Working in collaboration with its stakeholders, TICO's desired state is embodied via the model below where the consumer is the "center-focus" of all influencers.

For Ontario travellers ("consumers"), TICO envisions a marketplace that achieves:

- a regulatory framework where all travel purchases are protected;
- a regulatory framework that enables and supports an efficient travel marketplace;
- a regulatory framework that is easily understood, visible but unobtrusive; and,
- a healthy and growing travel industry providing the consumer an abundance of choice.

For TICO Registrants and the Ontario government, TICO envisions a marketplace that demonstrates:

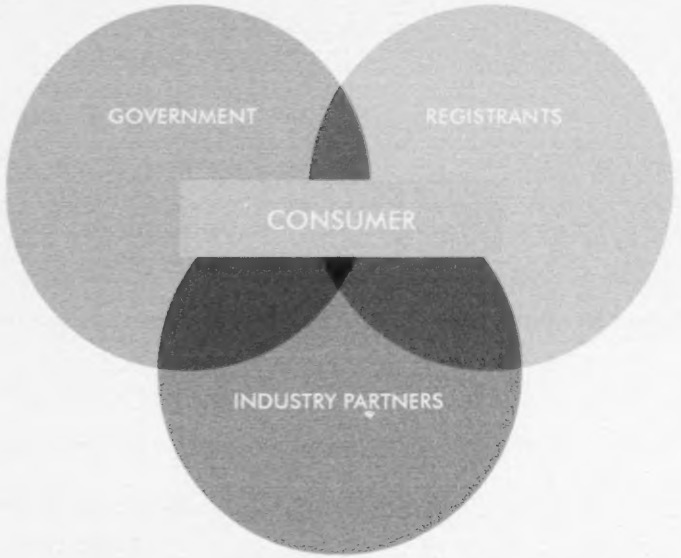
- a healthy and growing travel industry for registrants regardless of size and geography;
- a collaborative based relationship with industry that is a model to other jurisdictions;
- a value proposition which is recognized and valued by both the consumer and registrants; and,
- a regulatory framework that is both efficient and effective.

For TICO employees, we envision a marketplace whereby:

- a healthy and growing travel industry with regulations, good business practices and ethics all aligned;
- a modernized work environment, processes and procedures contribute to consumer protection and employee engagement;
- employees can grow professionally and achieve their aspirations;
- TICO is viewed as a recognized authority in consumer travel protection, as evidenced through support for a national program

TRAVEL INDUSTRY COUNCIL OF ONTARIO
represented by it's employees

Travel Industry Act & Regulations



TICO REVENUE AND EXPENSE FORECAST

FY 2016/2017 to FY 2018/2019

		FY 2016/17 Budget	FY 2017/18 Projection	FY 2018/19 Projection
REVENUE				
Form 1 Assessments	Note 1	2, 690,000	3,090,000	3,088,764
Renewals	Note 2	1,025,000	1,004,500	1,004,098
New Registrants	Note 2	290,000	284,200	289,884
Education Standards	Note 2	230,000	230,000	234,600
Interest/Sundry		450,000	500,000	550,000
Total Revenue		4,685,000	5,108,700	5,167,346
	% Change	5%	9%	1%
OPERATING EXPENSES				
Salaries and Benefits	Note 3	1,869,437	2,056,825	2,097,962
Administration	Note 3	1,437,337	1,387,337	1,300,000
Consumer & Registrant Awareness	Note 4	734,500	834,500	884,500
Inspection and Compliance	Note 3	640,645	693,458	707,327
Total Operating Expense		4,681,919	4,972,120	4,989,789
	% Change	11%	6%	0%
EXCESS OF REVENUES OVER EXPENSES		3,081	136,580	177,557
Compensation Fund Claims, net of recoveries		(650,000)	(650,000)	(650,000)
EXCESS OF REVENUES OVER EXPENSES, NET OF CLAIMS		(646,919)	(513,420)	(472,443)
Compensation Fund / TICO Asset Beginning of Period		22,443,584	21,796,665	21,283,245
Compensation Fund / TICO Asset End of Period		21,796,665	21,283,245	20,810,802
Consisting of:				
Compensation Fund		20,376,103	20,048,979	19,748,492
TICO Asset		1,267,740	1,088,043	922,688
Capital Assets		152,822	146,223	139,622
Total		21,796,665	21,283,245	20,810,802

Notes:

1. Effective July 1, 2016 the Compensation Fund rate is projected to increase to $0.20 per $1000 of retail and wholesales sales and to $0.25 per $1000 effective April 1, 2017. No further fee changes projected.
2. Registration, Renewal and Education fees remain at current rates. No Further fee changes projected.
3. Salaries & Benefits assume normal market increases and the addition of three new staff in FY 2016/2017 related to strategic initiatives and associated investments and a fourth full-time staff in FY 2017/18 for Educational programs.
4. Consumer Awareness Campaign includes expanded program investment of $50,000 (FY2016/2017), $100,000 (FY2017/2018) and $50,000 (FY2018/2019).

Appendix II

TICO BOARD OF DIRECTORS 2015-2016 *(as of March 31, 2016)*

Industry Representatives

Ray DeNure
CEO
DeNure Tours Lindsay, ON

Rick Edwards, CPA, CGA
Controller
Travel Corporation Canada
Toronto, ON

Mike Foster
President
Nexion Canada
London, ON

Louise Gardiner, CTM
Senior Director, Operations & Product Solutions
North American Leisure
Carlson Wagonlit Travel
Toronto, ON

Denise Heffron
Vice President, National Sales & Commercial
Transat Tours Canada Inc.

Paul Samuel, CTM
Manager Overseas Travel Division
Vision 2000 Travel Group
Toronto, ON

Tisha Saunders
President
Marlin Travel
Orangeville, ON

Scott Stewart
President
G. Stewart Travel Services Ltd.
Peterborough, ON

Richard Vanderlubbe – Vice Chair
President
Travel Superstore Inc.
Hamilton, ON

Brett Walker
General Manager, Canada
Collette Vacations
Mississauga, ON

Ministerial Appointments

Jean Hébert - Chair
Consultant
Ottawa, ON

Patricia Jensen
Member
Consumers Council of Canada
Toronto, ON

Ian McMillan
Executive Director
Tourism Sault Ste. Marie
Sault Ste. Marie, ON

Lorraine Nowina
Toronto, ON

Board of Directors:
From Left to right: Denise Heffron, Mike Foster, Scott Stewart, Ian McMillan, Paul Samuel, Patricia Jenson, Jean Hébert, Lorraine Nowina, Richard Smart, Brett Walker, Louise Gardiner, Ray DeNure, Tisha Saunders, Richard Vanderlubbe, Richard Edwards

BOARD OF DIRECTOR BIOGRAPHIES

Ray DeNure

Ray is the owner of the Ontario based tour operator, DeNure Tours. He obtained a professional accounting designation with Touche Ross & Co prior to joining the family business in 1985. Ray has board experience with not-for-profit organizations in his hometown of Lindsay, Ontario and has been a long time board member of the Ontario Motor Coach Association where he currently serves as Chair. Ray was a TICO Board member from 2001 to 2003 and now holds the OMCA Seat on the TICO Board. He is currently the Chair of Audit and Risk Management Committee and also serves on the Executive and Compensation Fund Committees.

Rick Edwards, CPA, CGA

Richard is the Controller for The Travel Corporation (Canada) (TTC). He has more than 30 years of progressive accounting experience. Prior to joining TTC, Richard held various roles including 8 years with Pogue & Company as an auditor. He has 16 years of travel industry experience, spending the last nine years with TTC where he is responsible for financial reporting, audit, budgeting, payroll, general accounting and insurance.

Richard is a graduate of Seneca College with an Accounting and Finance Diploma. Richard is Chartered Professional Accountant, having earned his Certified General Accountant designation in 2002. Since 2010 he has been Treasurer for Canadian Association of Tour Operators (CATO) and was appointed to the Board of Directors in 2015 as a representative of CATO currently serving on Audit & Risk Management and Compensation Fund Committees.

Mike Foster

Mike Foster is President of Nexion Canada, ULC with headquarters in London, Ontario. Part of the Travel Leaders Group and serving Independent Contractor home-based and store-front agents across Canada, Nexion Canada opening in 2013.

Mike opened his first agency in 1982 and has over the years added a number of agencies through acquisition, building one the area's largest travel agency companies with as many as 5 agencies serving leisure, corporate, group, and incentive travel, as well as Independent Contractor agents.

He has served a variety of roles in both ACTA Ontario and TICO for the past several years. Mike has also been a member of the College Advisory Committee for the Tourism and Hospitality Division of Fanshawe College in London, as well as a board member and fund-raiser for a number of charitable organizations in London, including the Sunshine Foundation, Junior Achievement, the Small Business Centre, and the London Health Sciences Centre.

Mike has also been involved in the submissions of proposed changes by both ACTA and TICO, and is focused on bring real, substantial, and positive change to the travel industry.

Louise Gardiner, CTM

Louise Gardiner is the Senior Director, Operations & Product Solutions North American Leisure, a member of the executive team at Carlson Wagonlit Travel and responsible for setting and implementing CWT's Leisure Travel Strategy for North America. She oversees the leisure operational execution of 130 leisure travel locations which represent over 700 employees within Canada. Louise resides in Kitchener Ontario, has served as President of the Rotary Club of Kitchener (2002) and was nominated for Kitchener Waterloo Woman of the Year for her philanthropic community efforts. She continues to be involved with Rotary today as a Past President and Rotary Board Member. She currently sits on the ACTA Ontario Council; the ACTA National Board and services as Chair on TICO's Business Strategy Committee. She is also a member of the Audit & Risk Management and Compensation Fund Committees.

Jean Hébert

Jean Hébert has lived in Ottawa, Ontario since 1997. He was born in Québec where he obtained his bachelor degree in political sciences with Honors in public administration from Laval University. Jean Hébert is in the consulting services since 2006 in strategic planning, in project/program/policy development and management, and in strategic communication. As a consultant, he has worked extensively in the education sector, with francophone communities in minority situation across the country, in organizational performance, in community organization. He has worked for more than 25 years with various provincial and federal departments at the senior management levels either as consultant, senior advisor and ministers'

chief of staff, and for a national crown corporation as special advisor to the Board Chair and a director in the business development area. He also worked in economic development areas as industrial commissionneer, including in the tourism industry. He is involved and still volunteering in his community in social and economic development areas. He is a member of the Judicial Appointments Advisory Committee under the Ontario Ministry of the Attorney General.

Mr. Hébert joined the TICO Board in 2011 as a ministerial appointee and serves on few TICO's committees such as the Audit and Risk Management, Governance and Human Resources, Legislative and Regulatory Review. He now serves as Chair of the Board and sits on the Executive Committee.

Denise Heffron

2016, marks Denise Heffron's 23rd year at Transat, Canada's largest integrated travel company. A member of the executive committee, Denise holds the position of Vice-President Commercial and National Sales. She graduated from the University of Western Ontario with a Bachelor of Arts degree and began her career in the travel industry shortly thereafter. Throughout her career she has held senior level, general management, marketing and sales roles. Denise is an active participant in the industry at large and serves on the TICO Board and as a representative of the Canadian Association of Tour Operators. She has been a member of the CATO executive for 12 years and brings with her a thorough knowledge of the commercial activities of outbound tour operation and retail distribution in Canada. In addition, Denise is a member of the TICO Legislative and Regulatory Review Committee, The Governance and Human Resources Committee and the Education Standards Committee.

Patricia Jensen

Patricia Jensen is Professor Emeritus of Ryerson University's School of Nutrition, where she taught for 31 years, and chaired the School from 1993-1998. During her Ryerson tenure, her primary academic interest was in the discipline of consumer behaviour and communications. Since retirement, she has served as a consumer advocate on a number of agencies and boards. These include: the Consumers Council of Canada; the Consumer Advisory Council of the Technical Standards and Safety Authority; and Board of Travel Industry Council of Ontario. She has also participated on research projects of the Homeowners Protection Centre, and as a member of the Expert Panel to the Home Inspector Qualification Consultation conducted by the Ministry of Consumer Services. Patricia holds degrees from University of British Columbia (BHE), University of Guelph (MSc) and University of Toronto (MBA).

Ian McMillan

Ian McMillan has been the Executive Director of Tourism Sault Ste. Marie since 2001, working with industry partners to develop tourism products, and promote the city as a tourist destination. Prior to that, he was Executive Director of the regional Algoma Country tourism office, before moving to the Northern Tourism Marketing Corporation as Brand Manager. He is a graduate of the Humber College Public Relations Program, and holds a Certified Travel Industry Specialist designation from the tourism industry. Ian has served as President of Attractions Ontario, Chaired Cruise Ontario as part of the Great Lakes Cruise Coalition, and serves on the Northern and RTO Committees of the Ontario Tourism Marketing Partnership. Additionally he sits on the Sault College Hospitality Advisory Committee and has taught courses at Algoma University. Ian joined the TICO Board in 2015 and also sits on the Legislative and Regulatory Review Committee and the Business Strategy Committee.

Lorraine Nowina

Lorraine Nowina has been involved in the not for profit sector throughout her career. As Chair of the 11th largest school board in Canada, she worked with federal and provincial governments to provide immigrant, mental health and infrastructure supports for children and families and supported a number of community not for profit organizations as a volunteer board member.

Following an appointment as a member of the Veterans Review and Appeal Board adjudicating disability claims for Canadian Armed Service personnel, Veterans and RCMP officers, Lorraine returned to the education sector as CEO/Executive Director for the Toronto District School Board's charitable foundation, the Toronto Foundation for Student Success.

Volunteering her experience in fundraising and management to NGO's here and in Africa after her retirement, Lorraine accepted a ministerial appointment to TICO in 2014. She currently serves on the Governance and Human Resources, Business Strategy and Compensation Committees.

Paul Samuel, CTM

Paul Samuel is Manager of the Overseas Travel Division at Vision Travel Solutions in Toronto. Paul has more than 30 years of experience in the travel industry. From junior counselor to manager and owner, Paul has witnessed the enormous changes in the industry and has first-hand knowledge of the challenges facing travel retailers in Ontario. Paul is passionate about the industry and feels that all segments of the trade should strongly promote their professionalism and experience. This is why Paul supports the mission of TICO to maintain an equitable and informed marketplace for travel in Ontario as it only serves to benefit everyone.

Elected to the Board of Directors for TICO in 2011, Paul serves on the Business Strategy and Education Standards committees. Paul also serves on the Ontario Council of the Association of Canadian Travel Agencies (ACTA), the board of directors for Citizens for Affordable Housing (York Region) and the Tourism Advisory Committee at Seneca College.

Paul graduated from York University with a Bachelor of Arts degree in Political Science and then completed an Honours Bachelor of Commerce degree from the University of Windsor. Paul has recently completed a graduate certificate in Public Relations at Ryerson University and has obtained the Certified Travel Manager designation from Canadian Institute of Travel Counsellors.

Patricia (Tisha) Saunders

Tisha Saunders is the Owner of a Marlin Travel franchise (affiliation with Transat Distribution Canada) in Orangeville, Ontario for the past 19 years. Elected to the Board of Directors for TICO in 2015. She serves on the Business Strategy and Compensation Fund Committees. Tisha holds a Business Administration Degree and Travel & Tourism Diploma. She has over 30 years' experience in all aspects of the travel industry. She has worked with organizations (Transat Distribution Canada-Franchise Advisory Committee) and various community committees. Tisha also serves as a Board member on the Dufferin Board of Trade (formerly Greater Dufferin Chamber of Commerce).

Scott Stewart

Scott Stewart is co-owner and President of G. Stewart Travel Services Ltd. with seven full service retail Carlson Wagonlit Travel offices throughout Ontario, head office located in Peterborough. Their family owned and operated agencies, since 1974, hold both retail and wholesale licenses. For 30 years Scott has been very involved in the travel industry and is currently serving TICO as a board member. He sits actively on several boards and enjoys contributing to the travel and not for profit sectors. He currently serves TICO on the Business Strategy Committee, Audit and Risk Management Committee and the Compensation Fund Committee.

Richard Vanderlubbe

Richard Vanderlubbe is the President and co-founder of Tripcentral.ca, a hybrid travel agency with 27 locations and a national website. Richard started in the retail travel business in 1989 with a small agency in Hamilton. Richard has held numerous positions with industry associations including Chair of the Association of Canadian Travel Agencies (ACTA) and past Chair of the Board of Directors for the Travel Industry Council of Ontario. As well as his current role as Vice Chair of TICO's Board, he also serves on TICO's Executive Committee, Business Strategy Committee and is the Chair of the Legislative & Regulatory Review Committee.

Brett Walker

Brett began his career in travel with Collette in 1989 as a District Sales Manager. He held successive positions as Regional Sales Manager, Operations Manager and finally in his current role as General Manager. In this role, Brett is part of a leadership team that is responsible for the strategy and execution of all facets of the company's operation here in Canada.

The work that TICO does is important to Brett and he has been a longstanding member of the Board. First elected as a member at large for the maximum term of 9 years and in 2013 rejoined the Board as an appointed member by CATO. Brett serves on the Business Strategy, Governance and Human Resources and the Legislative and Regulatory Review Committees.

Brett attained his BA from Bishop's University in 1988 and later his MBA from Guelph in 2009, specializing in Hospitality & Tourism Management. More recently Brett graduated from Queen's General Management program (2015) and is currently an applicant has been accepted into the University of Toronto Law School where he will begin his Global Professional Masters of Law this coming August. for the Global Professional Masters of Law (LLM) program at the University of Toronto.

Appendix III

Statutory Appointments

Richard Smart
Statutory Registrar,
Travel Industry Act, 2002

Michael Pepper
Statutory Director,
Travel Industry Act, 2002

Patricia Jensen
Deputy Director,
Travel Industry Act, 2002

TICO Staff

President & Chief Executive Officer
Richard Smart, CPA, CA

Vice President, Operations
Dorian Werda

Legal Counsel & Corporate Secretary
Tracey McKiernan, LL.B.

Legal Counsel & Director, Litigation
Soussanna Karas, LL.B., LL.M.

Director, Financial Compliance
Sanja Skrbic, CPA, CA

Director, Information Technology
Antoine (Tony) Aramouni

Team Leader, Registration
Cora Reyes

Registration Officer
Jana Arthur
Paula Oliveira

Form 1 and Claims Co-ordinator / TICO Exam Co-ordinator
Lori Furlan

Financial Inspector, Designated by the Registrar
Maria Descours, CPA, CMA
Luke Lenardon, CPA, CA
Vera Nedbal, CPA, CGA

Financial Compliance Administrator
Annie Tse

Complaints Officer
Sylvia Manuge
Cheryl Slocombe

Compliance Officer
Anabel Andre
Eric Neira
Tina Shewchuk

Investigator/Provincial Offences Officer
Doug Fritz
John (Scott) Hogarth
Brian Johnson

Accountant
Navpreet Ghai

Executive Assistant / TICO Exam Co-ordinator
Heather Wilkins

Administrative Assistant
Susan Janko

Reception
Monique Belanger

Auditors

McGovern, Hurley, Cunningham, LLP
2005 Sheppard Avenue East, Suite 300
Toronto, Ontario M2J 5B4

BIOGRAPHY OF RICHARD SMART, CPA, CA

President & Chief Executive Officer and Registrar, *Travel Industry Act, 2002*

Richard Smart serves as President and CEO of the Travel Industry Council of Ontario (TICO), having being appointed in December 2014. Effective January 1, 2015, Richard also assumed the role of TICO Registrar for the province. He is responsible for executing TICO's strategic plans and objectives as approved by the Board of Directors, and is an ex-officio member of the Board.

Prior to his appointment, Richard was the Chief Financial Officer (CFO) of the Technical Standards and Safety Authority (TSSA) from 2009-2014. As CFO, Richard was responsible for all aspects of Finance, Audit (including Internal Audit), Risk Management, Insurance, Procurement and for a period of time Information Technology. While at TSSA, Richard gained invaluable experience in a senior leadership role interacting with the Board of Directors and Ministry of Government and Consumer Services. Richard learned and contributed to TSSA's oversight over the province's safety system for a number of important industry sectors.

Richard's private sector experience includes Chief Financial Officer roles in transportation, including AMJ Campbell Van Lines and Air Canada Vacations. The latter role provided Richard with excellent experience, specifically in the travel industry, during a challenging time of Air Canada restructuring. In addition, Richard was actively involved with the Canadian Association of Tour Operators (CATO), a founding member of TICO. Richard has also served in senior Finance roles at the Royal Bank Financial Group and Nortel, including experience in Mergers & Acquisitions, Risk Management, Controllerships and various trade associations.

Richard is Certified Professional Accountant, having earned his Chartered Accountant designation with PricewaterhouseCoopers in 1985.

BIOGRAPHY OF DORIAN WERDA

Vice President, Operations

Dorian Werda serves as the Vice President, Operations for the Travel Industry Council of Ontario (TICO). After graduating from Humber College in 1986 with a diploma in Travel and Tourism, Dorian started her career in travel at Wardair Canada assisting customers on the Help Desk in the Customer Accounting Department, where she investigated and responded to travel agent and passenger accounting queries and liaised with Wardair's Customer Relations Department. Following Canadian Airlines' takeover of Wardair, Dorian took on a new position in 1990 as Claims Supervisor for the temporary claims centre that was set up by the Ontario government after the failure of Thomson Vacations—which ultimately resulted in the largest payment of claims against Ontario's Travel Industry Compensation Fund. After supervising the temporary claims centre, Dorian continued her role as Claims Co-ordinator for the Ontario Travel Industry Compensation Fund Corporation.

In June of 1997, the Ontario government delegated the responsibility of administering Ontario's Travel Industry Act, including the Ontario Travel Compensation Fund, to TICO. Dorian was promoted to Manager, Administration & Claims, overseeing TICO's Claims and Consumer Complaints Departments. In 2012, she became Director, Customer Service and Stakeholder Relations and in 2014, she was promoted to the newly created position of Vice President, Operations, responsible for managing TICO's Claims, Complaints, Compliance and Investigations Departments.

In addition, Dorian writes a bi-weekly consumer travel questions column that appears in the Saturday edition of the Toronto Star Travel Section and is pursuing her CTM designation with ACTA.

BIOGRAPHY OF TRACEY MCKIERNAN, LL.B.

Legal Counsel & Corporate Secretary

Tracey McKiernan is Legal Counsel & Corporate Secretary for the Travel Industry Council of Ontario (TICO). She has been involved in the legislative and regulatory review process at TICO since 1998 leading up to the changes to the Travel Industry Act, 2002 and Ontario Regulation 26/05. Ms. McKiernan received her B.A. (Honours) in Sociology from the University of Western Ontario and her LL.B. from Osgoode Hall Law School.

tico.ca

Travel Industry Council of Ontario

Travel Industry Council of Ontario • 2700 Matheson Blvd. E.
Suite 402, West Tower • Mississauga • Ontario • L4W 4V9
Tel: (905) 624-6241 • Fax: (905) 624-8631 • Toll: 1-888-451-TICO
E-mail: tico@tico.ca • Web: www.tico.ca